

Comprehensive  
Annual  
Financial Report

City of  
Scottsdale  
Arizona

For The Fiscal Year Ended June 30, 1995

**COVER DESIGN:**  
Mike Cousineau  
City of Scottsdale

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CITY OF SCOTTSDALE  
COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT

Fiscal Year Ended June 30, 1995

CITY COUNCIL  
Herbert R. Drinkwater, Mayor

Gregory S. Bielli

James Burke, M.D.

Mary Manross

Robert C. Pettycrew

Donald J. Prior

Richard Thomas



CITY MANAGER  
Richard A. Bowers

ASSISTANT CITY MANAGERS  
Barbara A. Burns  
Raymond L. Garrison

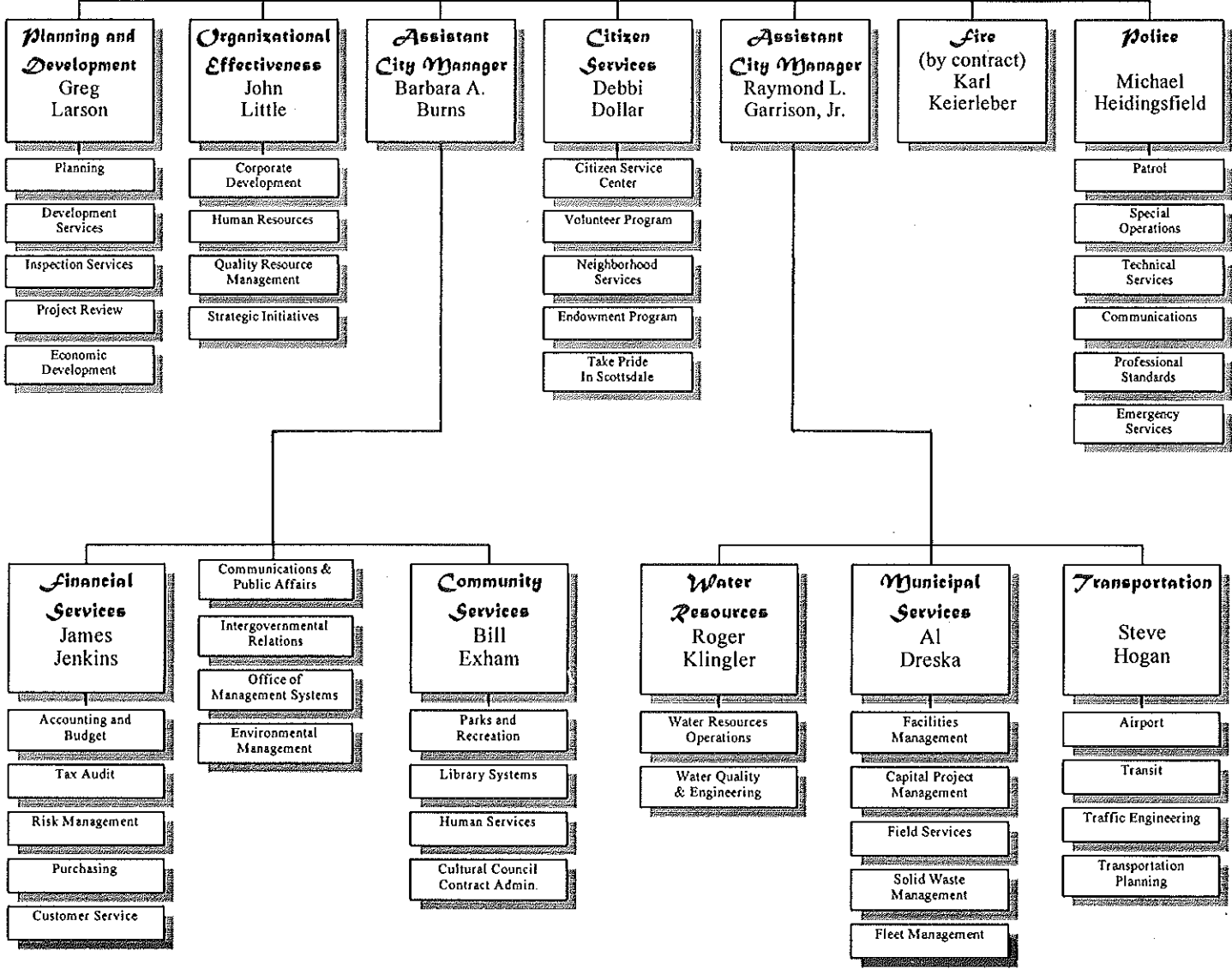
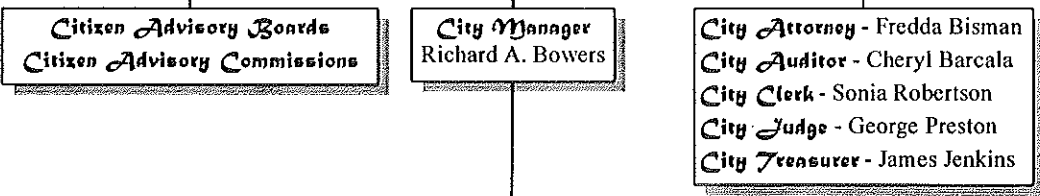
Prepared By  
Financial Services Department  
James A. Jenkins  
Financial Services General Manager/City Treasurer

Craig Clifford, CPA  
Accounting and Budget Director

# Citizens of Scottsdale



## City Council





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## **Introductory Section**

This section includes the transmittal letter from the General Manager and City Treasurer, and the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting



• "Most Livable City" U.S. Conference of Mayors •

September 15, 1995

The Honorable Mayor and City Council  
City of Scottsdale, Arizona

Dear Mayor and Members of the City Council:

The Comprehensive Annual Financial Report of the City of Scottsdale (City), Arizona, for the fiscal year ended June 30, 1995, is submitted in accordance with Article 6, Section 14, of the City Charter. This report was prepared by the City's Accounting and Budget division. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures that we believe are necessary to enable the reader to gain an understanding of the City's financial activities have been included.

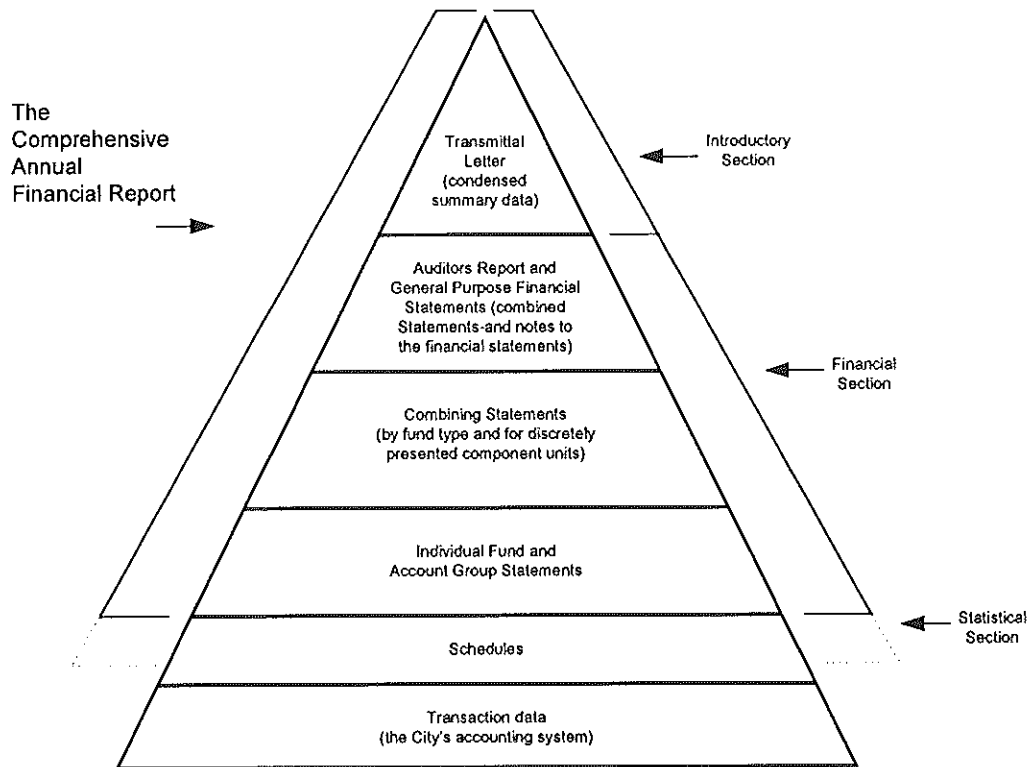
This report represents management's report to its governing body, constituents, legislative and oversight bodies, and investors and creditors. Copies of this report will be sent to elected officials, City management personnel, bond rating agencies, and other agencies which have expressed an interest in Scottsdale's financial matters. Copies of this financial report will also be placed in the City library for use by the general public.

#### **FINANCIAL REPORTING ENTITY**

Scottsdale provides a full range of services including police and fire protection, sanitation service, water and sewer services, construction and maintenance of streets, recreational activities, and cultural events. This report includes the financial data of all entities with which the City has a significant operational or financial relationship and which are consequently includable as component units in the City's financial reporting entity, in accordance with Governmental Accounting Standards Board *Statement No. 14*. The statements include the activities and functions of the City of Scottsdale Municipal Property Corporation, Scottsdale Mountain Community Facilities District, McDowell Mountain Ranch Community Facilities District, and discrete presentation of Scottswater Company, Incorporated. Further data defining these determinations is available in the Notes to the Financial Statements.

## COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

The Comprehensive Annual Financial Report (CAFR) is organized on the basis of what has come to be known as the financial reporting pyramid (see the following graphic). The principle underlying this method of presentation is that readers can move from summary information to more detailed information. The CAFR contains three sections: 1) the **Introductory Section**, which includes this transmittal letter, the City's organizational chart, and the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting; 2) the **Financial Section**, which includes the independent auditors' report, the general purpose financial statements, notes to the financial statements and financial policy of the City and the combining and individual funds and account group financial statements and schedules; and 3) the **Statistical Section**, which includes selected financial and demographic information, generally presented on a multi-year basis.



## ECONOMIC CONDITION AND OUTLOOK

The City of Scottsdale is centrally located in Maricopa County, with its boundaries encompassing an area of approximately 185.2 square miles. The City shares common borders with the incorporated communities of Phoenix, Tempe, Mesa, Fountain Hills and Carefree. Scottsdale, together with its neighboring cities, forms the greater metropolitan Phoenix area, which is the economic, political, and population center of the state.

Fiscal year 1994/95 was an extremely positive one for Scottsdale's economy. Local economic indicators continued to record excellent growth after the record-setting 1993/94 fiscal year, and in most instances exceeded the averages for metro Phoenix. Significant reasons for Scottsdale's positive economic condition at fiscal year end 1994/95 and favorable outlook for fiscal year 1995/96 include:

**Retail Sales.** Scottsdale's single largest revenue source is sales tax generated from a well-balanced variety of businesses which include: automotive, construction, food stores, hotel/motels, restaurants, utilities, rentals, department stores, and miscellaneous retail stores. All categories of sales posted gains for the year; receipts for 1994/95 were up by 15 percent overall, and are projected to grow by 10-11 percent for 1995/96. An agreement was also successfully negotiated during 1994/95 with Nordstrom to locate in Scottsdale's Fashion Square/Camelview Plaza, which will add over 400,000 square feet of new retail space to the existing mall. In addition another 400,000 square feet of new retail space is currently under construction in Scottsdale.

**Assessed Property Values.** Assessed property values increased 3.4 percent, the second year of growth since recessionary declines, an outstanding sign of the resurgence of Scottsdale's economy. Assessed property values are expected to grow by 9 percent in 1995/96.

**Job Growth.** Scottsdale attracted a record 26 new firms and over 3,000 new jobs in 1993/94 and another 22 new companies and 2,000 new jobs in 1994/95. Nordstrom will bring approximately 600 new jobs to Scottsdale; additionally there are 26 active prospect firms looking at Scottsdale, with a potential for another 1,900 new jobs. Personal income growth also benefits not only from the strong influx of population but also from some gains in higher wage jobs. Employment growth is expected to remain strong in almost every area.

**Employment.** Scottsdale remains a net importer of labor, as the number of jobs physically located in the City (about 109,000) far outweighs the local labor force (about 86,000). Scottsdale's unemployment rate is the lowest of any major city in the valley (currently 2.7 percent), and is expected to remain at this level through the end of 1995.

**Construction.** Single family building permits in Scottsdale mirrored the record pace set in the prior fiscal year. The total value of all construction activity for 1994/95 was \$814 million, the busiest year in Scottsdale's history. Construction activity ranked Scottsdale fifth out of all cities in the country in terms of number of single family building permits issued - Scottsdale issued as many total residential permits as the cities of Los Angeles and Chicago combined. Three major new master planned communities (McDowell Mountain Ranch, Grayhawk, and DC Ranch) began development during 1994/95; a total of 15,000 new units are planned in these communities.

**Tourism.** Scottsdale's number one industry continues to post record gains; the number of visitors to Scottsdale rose by 13 percent last year to about 6.1 million annually; hotel occupancy rates rose last year to a record 76 percent, and hotel bed tax receipts were up 11 percent. New destination attractions approved in 1994/95 include the Frank Lloyd Wright Museum at Taliesin West and the Heard Museum at El Pedregal. The tourism industry will likely post further records in 1995/96 with the addition of six new hotels this year, (which will increase our total room stock by 15%), several significant events in the upcoming year (including Super Bowl XXX), and continued strong growth in national tourism trends.

**Vacancy Rates.** Commercial vacancy rates dropped substantially over the past year. Office vacancies are estimated to be 8 percent, retail vacancies are at 9 percent and industrial vacancies are running at about 7 percent. Little new speculative construction is occurring, so vacancy rates should remain low over the next year.

These factors contributed to Scottsdale's strong economy in 1994/95, and will likely continue into 1995/96. Much of the revenue growth attributable to the economic resurgence of the past two years has been invested in City reserves to provide funding to maintain citizen services during times of fiscal uncertainty and to build contingency funding for infrastructure deterioration. The outlook is for sustained growth in 1995/96, however, Scottsdale's five-year financial plans and biennial budget are premised upon conservative economic forecasts in anticipation of a softening economy late in the year and beyond. These factors coupled with an emphasis on long-range strategic planning which balances desired results with available resources will enable Scottsdale to continue to grow and prosper over the next several years.

## **MAJOR INITIATIVES and SERVICE EFFORTS & ACCOMPLISHMENTS**

Emphasis during 1994/95 was placed on strengthening the organization through the introduction of a flatter, more flexible and team-based structure which responds quickly and proactively to changing demands and emerging issues. To accomplish this process management teams were implemented throughout the organization to challenge underlying assumptions of current processes, then redesign the processes around more efficient and effective service delivery.

Emphasis was also placed on continuation of a comprehensive strategic planning process aligning organizational work plans and resources. A new two-year strategic planning cycle was developed, including our first biennial budget, and work has begun on a comparative, comprehensive cost-of-service analysis to facilitate an organizational focus and improved work management strategies aligned with critical city objectives and strategies. A strategic approach to land use and growth was also adopted and work has begun on updating the General Plan, using extensive community outreach and education, to ensure that every unit of growth adds value qualitatively, as well as economically, to the community.

The following are some of the service efforts and accomplishments of departmental staff during 1994/95:

### **Police**

- Gained international accreditation as a law enforcement agency from the Commission on Accreditation for Law Enforcement Agencies (CALEA) in November 1994, becoming one of only 340 accredited police agencies out of a total of 18,000 police agencies in the country.
- Formed a cross-departmental planning team to ensure that City resources directed at youth crime prevention and intervention needs are coordinated and linked to shared strategies.
- Implemented Crime Free Multi-Housing Program whereby rental managers are trained in crime prevention, applicant screening, and drug nuisance abatement, resulting in reduced criminal activity and service calls in those areas.

### **Financial Services**

- Implemented the City's first two-year budget for 1995/97, aligned with organizational strategies, and resulting in significant time savings and flexibility to pursue new initiatives in the second year.
- Developed a five-year balanced financial plan emphasizing strategic long range financial planning, and integrating improved work management methods, process management strategies, and continued integration of advanced technologies.
- Received upgrades in General Obligation and Water and Sewer Revenue Bond ratings resulting in substantial savings in debt service costs.

### **Transportation**

- Added two new Scottsdale Connection bus routes and Saturday service to the Dial-A-Ride program.
- Installed a computer Signal System to coordinate traffic signals.

### **Community Services**

- Completed the Civic Center Library Expansion, doubling its size, and featuring an expanded children's area, self checkout machines, and public art.
- Opened the Via Linda Senior Center and the Paiute Neighborhood Center providing a variety of recreation and human services to citizens in two areas of the community.
- Implemented LINKS, a collaborative effort of the City, School District, various nonprofit agencies, and business - all committed to sharing responsibilities and resources to create a community which is safe, healthy, and productive for children, adults, and families.
- Formed a cross-departmental planning team to ensure that City resources are directed at youth crime prevention, and that intervention needs are coordinated and linked to shared strategies.

### **Planning and Development**

- Completed the second phase of the Waterfront Focus area by reconfiguring the canal banks between Scottsdale Road and Goldwater Boulevard to accommodate future waterfront development as a Downtown destination attraction.
- Assisted the Chamber of Commerce in attracting record numbers of new businesses to Scottsdale resulting in 26 new companies with 3,000 jobs in 1993/94, and an estimated 22 new companies and 2,000 new jobs in 1994/95.
- Successfully negotiated with Nordstrom's of Seattle to locate in Scottsdale's Fashion Square/Camelview Plaza, adding over 400,000 square feet of new retail space adjacent to the existing mall.
- Facilitated development of new destination attractions/events, including the Frank Lloyd Wright museum at Taliesin West; Heard Museum at El Pedregal; and 25 special events.
- Worked with the McDowell Sonoran Preserve Commission, landowners and interested community groups, to develop specific approaches to protect the mountains and surrounding desert; began process for securing access points and acquiring high priority areas.

### **Fire**

- Reinforced emergency resources in the East Shea area by hiring staff and securing equipment for the new Station #15 at Via Linda and 132nd Street (currently under construction), and temporarily assigning the staff and equipment to Station #19 at Via Linda and 90th Street.
- Conducted extensive public education programs including leadership and student academies, CPR and first aid training classes, school talks, station tours, and E.D.I.T.H. (exit drills in the home) events for over 32,000 citizens.

### **Water Resources**

- Assumed operational control of the Central Arizona Project (CAP) Treatment Plant resulting in annual savings of over \$900,000.
- Facilitated responsible long-range planning by assisting in the coordination of three consulting studies in the areas of growth and development, costing services, and impact fees.

### **Municipal Resources**

- Completed 29 capital improvement projects with budgets totaling \$63 million at a savings of \$6.5 million; major projects completed include the East and West Couplets, Justice Facility, Library expansion, and Police/Fire Training Facility.
- Began planning and coordination efforts to provide aesthetic enhancements and service level increases supporting Super Bowl XXX.
- Continued to develop and implement the operational aspects of the new Solid Waster Transfer Station, including continued evaluation of operational impacts and outsourcing where more economical.

### **FOR THE FUTURE**

Plans articulated in the 1995/97 Biennial Budget continue to support basic government services (roads, water, sewer, solid waste management, public transit, parks and recreation, police, fire, etc.) while building on long-term community priorities established in previous years. Goals established for 1995/97:



**Further improve Scottsdale's fiscal strength and stability by implementing long-term financial strategies.**

- *Continue to adhere to adopted comprehensive financial policies.*
- *Set financial planning targets.*
- *Examine service costs.*
- *Prioritize capital expenditures.*
- *Ensure fair and responsible capital expenditures.*
- *Maintain sufficient reserves.*

**Facilitate a sustainable community by continuing to integrate departmental services and actively involving citizens in public-policy discussions.**

- *Call citizens to action.*
- *Forge partnerships to create a "systems view" of issues.*
- *Promote neighborhood outreach and collaboration.*
- *Encourage environmental sensitivity.*

**Foster a strategic approach to land use and service delivery through conclusion and application of key financial studies and CityShape 2020 (Scottsdale's General Plan update).**

- *Study fiscal impacts of development.*
- *Complete General Plan Update.*
- *Involve citizens in public policy discussions.*

**Maximize organizational resources through innovation, strategic planning and greater use of emerging technologies.**

- *Build organizational capacity.*
- *Implement service and quality improvements.*
- *Promote more flexible and responsive organizational structures.*
- *Leverage use of emerging technologies.*
- *Pursue excellence.*

## **FINANCIAL INFORMATION**

**Internal Control.** Management of the City of Scottsdale is responsible for establishing and maintaining a system of internal control. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition; and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. The City's internal accounting controls are considered to be adequate to safeguard the assets and provide reasonable assurance of proper recording of financial transactions.

**Single Audit.** As a recipient of federal, state, and county financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the City.

As part of the single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs. The City's single audit for the fiscal year ended June 30, 1995, provided no instances of material weaknesses in the internal control structure, or significant violations of applicable laws and regulations.

**Budgetary Control.** The City also maintains budgetary controls. The objective of these controls is to ensure compliance with budgetary and legal provisions embodied in the annual appropriated budget approved by the City Council. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the total budget, as adopted. In addition to maintaining budgetary control via a formal appropriation, the City maintains an encumbrance accounting system. Encumbrances are made against appropriations upon the release of a purchase order. Encumbered appropriations are carried forward at the end of each fiscal year.

Expenditure budgets are presented on a non-GAAP basis. This basis includes items that are not included on a GAAP basis, such as encumbrances, and excludes such items as accruals and depreciation.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

**General Government Functions.** The following schedule presents a summary of the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds revenues for the fiscal year ended June 30, 1995, and the amount and percentage of increases and decreases in relation to prior year revenues.

<b>Revenues</b>				
<b>Classification</b>	<b>1995 Amount (000s)</b>	<b>Percent of Total</b>	<b>Increase (Decrease) From 1994 (000s)</b>	<b>Percentage Increase (Decrease) From 1994</b>
Taxes	\$80,117	49.4%	\$8,916	12.5%
Intergovernmental	32,831	20.3	2,890	9.7
Special Assessments	5,514	3.4	(130)	(2.3)
Licenses	950	0.6	74	8.4
Charges for Services	12,410	7.7	1,911	18.2
Fines and Forfeitures	1,990	1.2	279	16.3
Use of Money and Property	9,048	5.6	2,847	45.9
Streetlight Districts	543	0.3	28	5.4
Grants	3,818	2.4	150	4.1
Reimbursements from Outside Sources	3,703	2.3	1,238	50.2
Miscellaneous/Other	11,079	6.8	(613)	4.3
<b>Total</b>	<b>\$162,003</b>	<b>100.0%</b>	<b>\$17,590</b>	<b>12.2%</b>

Scottsdale's healthy economy was responsible for the significant increase in sales tax and construction related revenues. Intergovernmental revenues increased due to improvement in the state economy and related increases in shared revenue sources, i.e., state sales tax, income tax and auto in-lieu taxes. The addition of an alarm permit charge was responsible for the increase in licenses. The charges for services revenue increase is the result of increased building activity and moderate rate adjustments. Fines and forfeitures increased primarily due to the addition of a police traffic enforcement unit and the subsequent increase in the number of citations issued. The increase in use of money and property is the result of a significant rebound in interest rates.

The following schedule presents a summary of General, Special Revenue, Debt Service, and Capital Projects Funds expenditures for the fiscal year ended June 30, 1995, and the amount and percentage of increases and decreases in relation to prior year expenditures.

Department	Expenditures			
	1995 Amount (000s)	Percent of Total	Increase (Decrease) From 1994 (000s)	Percentage Increase (Decrease) From 1994
General Government	\$13,977	6.9%	\$1,540	12.4
Police	24,226	11.9	2,607	12.1
Financial Services	4,496	2.2	195	4.5
Transportation	3,878	1.9	750	2.4
Community Services	18,256	9.0	1,788	10.9
Planning & Development	14,002	6.9	1,069	8.3
Fire	8,435	4.2	890	11.8
Municipal Services	14,283	7.0	290	2.1
Streetlight Districts	458	0.2	(12)	(2.6)
Capital Improvements	69,785	34.4	18,499	36.1
Debt Service	32,356	15.4	2,745	9.3
<b>Total</b>	<b>\$204,152</b>	<b>100.0%</b>	<b>\$30,361</b>	<b>17.2%</b>

The increases in expenditures are attributable to the addition of a new Citizen Service Center, continued emphasis on public safety, expansion of bus services and recreational services, the installation of computer networks and other automation needs, and increases in construction activity, capital infrastructure projects, and contractual fire services.

**General Government Fund Balances.** Fund balances reflect the accumulated excess of revenues and other financing sources over expenditures and other financing uses for general government functions. Unencumbered appropriations lapse at the close of the fiscal year and revert to unreserved fund balance. Encumbered amounts are reported as reservations of fund balance. The following schedule presents increases (decreases) in total fund balances at June 30, 1995, compared to the prior year.

Fund	Total Fund Balances (Deficit)		
	June 30, 1994	June 30, 1995	Increase (Decrease)
General	\$52,110,488	\$61,870,041	\$9,759,553
Special Revenue			
Highway User	236,916	328,834	91,918
Community Development	83,162	123,128	39,966
Grants	758,653	180,642	(578,011)
Section 8	(147,739)	(89,457)	58,282
Debt Service	6,440,627	5,207,129	(1,233,498)
Capital Projects	37,672,993	32,954,420	(4,718,573)
<b>Total</b>	<b>\$97,155,100</b>	<b>\$100,574,737</b>	<b>\$3,419,637</b>

The General Fund balance increased as a result of revenue increases (especially privilege tax and construction permits) and departmental budget expenditure savings. The Grants Fund balance decreased due to a cash advance that will be recovered. The Debt Service Fund balance decreased as a result of the use of previously reserved funds to pay off water general obligation debt. The Capital Projects Fund balance decreased because of the expenditure of previously issued bond proceeds.

**Proprietary Funds.** The City's proprietary funds consist of Enterprise Funds and Internal Service Funds. The Enterprise Funds are comprised of the Water and Sewer Utility Fund, the Airport Fund, and the Sanitation Fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to proprietary (private business) enterprises where the intent is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis is to be financed or recovered primarily through user charges, or (b) it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, or accountability.

The Internal Service Funds consist of the Motor Pool Fund and the Self-Insurance Fund. Internal Service Funds account for services and/or commodities provided by one department or agency to other departments or agencies of the City, on a cost-reimbursement basis.

The following schedule presents retained earnings (accumulated deficits) for the year compared to the prior year for the proprietary funds.

<b>Retained Earnings (Accumulated Deficit)</b>			
<b>Fund</b>	<b>June 30, 1994</b>	<b>June 30, 1995</b>	<b>Increase (Decrease)</b>
Water and Sewer Utility	\$87,543,130	\$106,402,919	\$18,859,789
Airport	199,040	441,980	242,940
Sanitation	947,639	1,128,085	180,446
Motor Pool	3,265,728	4,733,813	1,468,085
Self-Insurance	(2,779,942)	(3,152,095)	(372,153)
<b>Total</b>	<b>\$89,175,595</b>	<b>\$109,554,702</b>	<b>\$20,379,107</b>

Retained earnings of the Water and Sewer Utility Fund increased as a result of customer base increases, service rate increases and increased usage because of dry weather. Water and Sewer retained earnings are intended to provide financial reserves for infrastructure repair and replacement as well as funding for significant infrastructure expansion needs for the future. Retained earnings of the Airport Fund increased due to an increase in airport operating revenue. The Sanitation Fund retained earnings increase is due to a savings in operating expenses. The Motor Pool Fund retained earnings increased because of a change in policy that now requires operating transfers to fund new vehicle purchases. Retained earnings of the Self-Insurance Fund decreased due to payment of insurance claims in excess of the amounts anticipated.

The City Council is committed to a policy of maintaining the enterprise operations of the Water and Sewer Utility, the Airport, and the Sanitation Funds on a self-supporting basis, adjusting user rates as necessary.

**Fiduciary Fund.** The Fiduciary Funds consist of miscellaneous expendable and nonexpendable trust funds and the Deferred Compensation Agency Fund. All amounts of compensation deferred and recorded in this agency fund are the property of the City, subject to the claims of general creditors. The City has the duty of due care. Investments are managed by an independent plan administrator. The balance in this agency fund had a net increase of \$2,032,640 due to employees' continued contributions to the deferred compensation plan.

**Debt Administration.** At June 30, 1995, the City had outstanding debt issues of \$364,142,921. The breakdown was:

Debt	Principal Balance June 30, 1995
General Obligation Bonds	\$153,415,000
Revenue Bonds	49,670,000
Scottsdale Municipal Property Corporation Bonds	90,965,000
Special Assessment Bonds	40,860,909
Community Facilities District Bonds	17,400,000
Contracts	11,832,012
<b>Total</b>	<b>\$364,142,921</b>

During the 1994/95 fiscal year, \$16,000,000 general obligation bonds, \$12,500,000 Special Assessment bonds, \$2,950,000 Municipal Property Corporation bonds, \$5,000,000 Water and Sewer revenue bonds, and \$13,875,000 Community Facilities District bonds were issued, as well as \$3,029,000 in contract debt. The City maintained its Aa1 bond rating from Moody's Investor Service, AA+ rating from Fitch Investors Service, Inc., and AA+ rating by Standard and Poor's for general obligation bonds this past fiscal year, representing the highest combined rating of any city in Arizona. General obligation debt is serviced by secondary property taxes. Revenue-supported debt is serviced with the user fees associated with the particular fund activity.

Under Arizona law, cities can issue general obligation bonds for purposes of water, sewer, artificial light, open space, parks, playground, and recreational facilities up to an amount not exceeding 20 percent of the secondary assessed valuation of all properties in the City, and general obligation bonds for all purposes other than those listed up to an amount not exceeding 6 percent of the secondary assessed valuation.

At June 30, 1995, the 20 percent debt limitation was \$279,825,236, providing a debt margin of \$187,959,836, and the 6 percent debt limitation was \$83,947,571, providing a debt margin of \$22,397,971.

**Cash Management.** Cash temporarily idle during the year, excluding that of the Municipal Property Corporation (MPC), Scottsdale Mountain and McDowell Mountain Ranch Community Facilities Districts, and ICMA Plan investments, was invested primarily in the State Treasurer's Local Government Investment Pool and mutual funds whose portfolios consist solely of U.S. Government Treasury and Agency securities. In addition, amounts were directly invested in obligations of the U.S. Treasury and its agencies, demand deposits, and repurchase agreements. The City utilizes a pooled cash concept in order to invest greater amounts of cash at one time and therefore receives more favorable interest rates. The average yield on pooled investments for the 1994/95 fiscal year was 5.47 percent, and the average daily investment balance was \$199,737,029.

The City's investment policy is to invest all of the City funds at the highest available interest rate, assuring that all monies are fully secured with emphasis on safety of principal, liquidity, and financial return on principal, in that order. At June 30, 1995, 99 percent of investments held by the City were classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board. Remaining investments were held by the MPC's bank in the bank's trust department in the name of the MPC.

**Risk Management.** The City's Self-Insurance Fund is responsible for the budgeting, investigation, and payment of claims that are incurred by the City. The Self-Insurance Fund is protected by excess insurance designed to limit the exposure to loss for any single loss occurrence. For fiscal year 1995, the Self-Insurance Fund was responsible for the first \$300,000 per occurrence for workers' compensation claims and the first \$1,000,000 for liability claims against the City. The Fund was also responsible for vehicle damage over \$1,000, and all unemployment claims.

The City has an aggressive safety program which promotes employee safety on the job and focuses on risk control techniques designed to minimize accident-related losses. In addition to the safety program's preventative measure, the Risk Management division reviews every claim and arbitrates each loss in order to minimize the City's liability exposure.

### **OTHER INFORMATION**

**Independent Audit.** City Charter requires an annual audit by independent certified public accountants. The accounting firm of KPMG Peat Marwick LLP has been selected by the City Council to audit from 1990 to 1995. The auditors' report is included in the financial section of this report.

In addition to this report, the auditors were also contracted to perform the Single Audit of the City's federal grant programs. This audit was designed to meet the requirements of the Federal Single Audit Act of 1984 and the related OMB Circular A-128. Due to the size and complexity of the City's financial system, the single audit report is issued separately from this financial report. Copies are available upon request.

**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 1994, marking twenty-two consecutive years Scottsdale has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements.

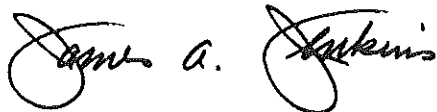
A Certificate of Achievement is valid for a period of one year only. The current report is believed to conform to Certificate of Achievement program requirements and will be submitted to the GFOA in order to determine its eligibility for a certificate.

The City also received the GFOA's award for Distinguished Budget Presentation for our 1994/95 annual budget. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient as a Policy Document, as a Financial Plan, as an Operation Guide and as a Communication Device.



**Acknowledgement.** The preparation of this report could not have been accomplished without the dedicated service of the entire staff of the Accounting and Budget division, the assistance of administrative personnel in the various departments, and through the competent service of our independent auditors. I also wish to express my sincere appreciation to the City Council, the City Manager, and the Assistant City Managers for their interest and support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James A. Jenkins". The signature is written in a cursive style with a large, stylized initial "J".

James A. Jenkins, General Manager  
Financial Services/City Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

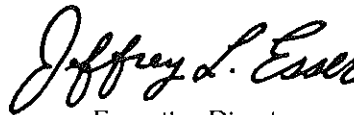
City of Scottsdale,  
Arizona

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1994

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President



Executive Director



## **Financial Section**

This section includes the independent auditors' report, the general purpose financial statements, and the combining and individual funds and account group financial statements and schedules

# KPMG Peat Marwick LLP

2020 North Central Avenue  
Phoenix, AZ 85004

## Independent Auditors' Report

The Honorable Mayor and Members of the City Council  
City of Scottsdale, Arizona:

We have audited the accompanying general-purpose financial statements and the combining and individual fund and account group financial statements of City of Scottsdale, Arizona, as of and for the year ended June 30, 1995, as listed in the Comprehensive Annual Financial Report Table of Contents. These financial statements are the responsibility of City of Scottsdale, Arizona management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of City of Scottsdale, Arizona, as of June 30, 1995, and the results of its operations and cash flows of its proprietary and nonexpendable trust fund types for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of City of Scottsdale, Arizona, as of June 30, 1995, and the results of operations of such funds and the cash flows of individual proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole and on the combining and individual fund and account group financial statements. The accompanying financial information listed as supplemental information in the financial section table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of City of Scottsdale, Arizona. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose, combining and individual fund and account group financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

*KPMG Peat Marwick LLP*

September 15, 1995

CITY OF SCOTTSDALE, ARIZONA

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS, AND DISCRETELY PRESENTED COMPONENT UNIT

EXHIBIT A-1

JUNE 30, 1995

WITH COMPARATIVE TOTALS FOR JUNE 30, 1994 (PRIMARY GOVERNMENT ONLY)

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE
<b>ASSETS AND OTHER DEBITS</b>						
Cash and Short-Term Investments	\$57,222,764	\$2,228,423	\$19,397,654	\$36,617,834	\$ 40,567,343	\$ 8,280,646
Investments	5,518,424	-	1,559,512	-	-	-
Receivables						
Accrued Interest	424,795	-	11,857	223,331	422,765	44,904
Privilege Tax	451,450	-	-	140,702	-	-
Hotel/Motel Tax	88,973	-	-	-	-	-
Property Tax	810,216	-	119,216	-	-	-
Special Assessments	-	-	27,108,861	-	-	-
State Shared Sales Tax	865,380	-	-	-	-	-
Auto Lieu Tax	344,252	-	-	-	-	-
Fuel Tax	-	816,449	-	-	-	-
Grants	-	559,348	-	-	-	-
Accounts	-	-	-	-	7,448,655	-
Miscellaneous	250,667	17,895	-	78,525	2,217,088	30,565
Note Receivable	-	-	-	-	-	-
Deferred Issuance Costs, Net of Accumulated Amortization	-	-	-	-	-	-
Due from Other Funds	465,719	-	-	-	-	-
Due from Maricopa County Flood Control District	-	-	-	720,000	-	-
Supplies Inventory	365,044	-	-	-	-	257,669
Restricted Cash and Investments	-	-	-	-	50,725,697	-
Property, Plant, and Equipment, Net of Accumulated Depreciation	-	-	-	-	302,646,070	9,567,397
Excess Purchase Price over Fair Market Value of Water System Assets Acquired, Net	-	-	-	-	384,695	-
Excess Purchase Price over Book Value of Partnership Interest Acquired	-	-	-	-	-	-
Amount Available in Debt Service Funds	-	-	-	-	-	-
Amount to be Provided for Retirement of General Long-Term Debt	-	-	-	-	-	-
<b>Total Assets and Other Debits</b>	<b>\$66,827,684</b>	<b>\$3,622,115</b>	<b>\$48,197,000</b>	<b>\$37,780,392</b>	<b>\$404,412,313</b>	<b>\$18,181,181</b>
<b>LIABILITIES AND FUND EQUITY</b>						
Liabilities						
Accounts Payable	\$ 441,095	\$ 300,898	\$ -	\$ 4,038,927	\$ 2,305,089	\$ 56,249
Accrued Payrol	3,785,713	106,494	-	-	799,522	288,033
Claims Payable	-	-	-	-	-	5,460,112
Designated Deferred Compensation Benefits	-	-	-	-	-	-
Due to Other Funds	-	311,319	-	-	174,400	-
Accrued Interest Payable	-	-	434,753	-	-	-
Contracts Payable - Current Portion	-	-	-	-	256,456	-
Bond Interest Payable	-	745,257	6,175,545	-	1,609,702	-
Bonds Payable - Current Portion	-	1,615,000	9,270,000	-	3,610,000	-
Deferred Revenue						
Property Tax	730,835	-	-	-	-	-
Special Assessments	-	-	27,108,861	-	-	-
Other	-	-	712	-	911,100	-
Guaranty and Other Deposits	-	-	-	-	1,126,191	-
Other	-	-	-	787,045	-	-
Long-Term Debt (Net of Current Portion)	-	-	-	-	55,946,285	-
<b>Total Liabilities</b>	<b>4,957,643</b>	<b>3,078,968</b>	<b>42,989,871</b>	<b>4,825,972</b>	<b>66,738,745</b>	<b>5,804,394</b>
Equity and Other Credits						
Contributed Capital, Net of Accumulated Depreciation	-	-	-	-	229,700,584	10,795,069
Investment in General Fixed Assets	-	-	-	-	-	-
Retained Earnings (Accumulated Deficit)						
Reserved for						
Revenue Bond Retirement	-	-	-	-	2,957,334	-
Water and Sewer System Replacement	-	-	-	-	8,911,102	-
Acquisition and Construction	-	-	-	-	38,857,261	-
Unreserved	-	-	-	-	57,247,287	1,581,718
Fund Balances (Deficits)						
Reserved for						
Encumbrances	2,043,313	613,894	-	10,723,897	-	-
Streight Districts	814,433	-	-	-	-	-
Debt Service	-	-	4,899,427	-	-	-
Library Acquisitions	-	-	-	-	-	-
Unreserved	59,012,295	(70,747)	307,702	22,230,523	-	-
<b>Total Retained Earnings (Accumulated Deficit)/Fund Balances (Deficits)</b>	<b>61,870,041</b>	<b>543,147</b>	<b>5,207,129</b>	<b>32,954,420</b>	<b>107,972,984</b>	<b>1,581,718</b>
<b>Total Equity and Other Credits</b>	<b>61,870,041</b>	<b>543,147</b>	<b>5,207,129</b>	<b>32,954,420</b>	<b>337,673,568</b>	<b>12,376,787</b>
Minority Interest	-	-	-	-	-	-
<b>Total Liabilities, Equity, and Other Credits</b>	<b>\$66,827,684</b>	<b>\$3,622,115</b>	<b>\$48,197,000</b>	<b>\$37,780,392</b>	<b>\$404,412,313</b>	<b>\$18,181,181</b>

SEE NOTES TO FINANCIAL STATEMENTS



CITY OF SCOTTSDALE, ARIZONA

EXHIBIT A-1  
(Continued)

FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)		COMPONENT UNIT JUNE 30, 1995	TOTALS (MEMORANDUM ONLY)
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	PRIMARY GOVERNMENT			REPORTING ENTITY
			JUNE 30, 1995	JUNE 30, 1994		JUNE 30, 1995
\$ 4,687,322	\$ -	\$ -	\$ 169,001,886	\$ 124,041,658	\$ 161,935	\$ 169,163,821
9,046,693	-	-	16,124,629	42,384,532	3,117,103	19,241,732
8,458	-	-	1,136,110	589,546	1,029	1,137,139
-	-	-	592,152	-	-	592,152
-	-	-	88,973	-	-	88,973
-	-	-	929,432	839,161	-	929,432
-	-	-	27,108,861	35,729,744	-	27,108,861
-	-	-	865,380	795,239	-	865,380
-	-	-	344,252	383,821	-	344,252
-	-	-	816,449	720,330	-	816,449
-	-	-	559,348	124,578	-	559,348
-	-	-	7,448,655	6,165,116	-	7,448,655
160,000	-	-	2,754,740	7,122,308	21,582	2,776,322
4,000,000	-	-	4,000,000	-	-	4,000,000
-	-	-	-	-	798,627	798,627
-	-	-	485,719	7,236,631	-	485,719
-	-	-	720,000	-	-	720,000
-	-	-	622,713	476,692	-	622,713
-	-	-	50,725,697	42,009,404	-	50,725,697
-	1,192,104,000	-	1,504,317,467	1,415,401,505	1,128,270	1,505,445,737
-	-	-	384,695	465,556	-	384,695
-	-	-	-	-	520,180	520,180
-	-	5,207,129	5,207,129	6,440,627	-	5,207,129
-	-	308,234,476	308,234,476	278,294,616	-	308,234,476
<u>\$ 17,902,473</u>	<u>\$ 1,192,104,000</u>	<u>\$ 313,441,605</u>	<u>\$ 2,102,468,763</u>	<u>\$ 1,969,200,964</u>	<u>\$ 5,748,726</u>	<u>\$ 2,108,217,489</u>
\$ 3,743	\$ -	\$ -	\$ 7,146,001	\$ 7,768,559	\$ 289,181	\$ 7,435,182
-	-	-	4,979,762	6,510,774	-	4,979,762
-	-	-	5,460,112	4,690,716	-	5,460,112
9,046,693	-	-	9,046,693	7,014,054	-	9,046,693
-	-	-	485,719	7,236,631	-	485,719
-	-	-	434,753	450,460	-	434,753
-	-	-	256,456	244,203	-	256,456
-	-	-	8,530,504	7,103,150	-	8,530,504
-	-	-	14,495,000	11,995,000	-	14,495,000
-	-	-	730,835	710,872	-	730,835
-	-	-	27,108,861	35,729,744	-	27,108,861
1,824,793	-	-	2,736,605	8,239,865	-	2,736,605
1,827,303	-	-	2,953,494	2,436,275	-	2,953,494
-	-	-	787,045	1,354	-	787,045
-	-	313,441,605	369,387,890	340,539,173	20,990,000	390,377,890
12,702,632	-	313,441,605	454,539,730	440,670,830	21,279,181	475,818,911
-	-	-	240,495,653	211,910,288	3,600,000	244,095,653
-	1,192,104,000	-	1,192,104,000	1,125,973,790	-	1,192,104,000
-	-	-	2,957,334	2,681,675	-	2,957,334
-	-	-	8,911,102	7,887,874	-	8,911,102
-	-	-	38,857,261	31,739,855	-	38,857,261
-	-	-	58,829,005	46,866,191	(68,210)	58,760,795
20,050	-	-	13,401,154	24,351,144	-	13,401,154
-	-	-	814,433	729,626	-	814,433
-	-	-	4,899,427	6,440,627	-	4,899,427
189,957	-	-	189,957	183,614	-	189,957
4,989,934	-	-	86,469,707	69,765,550	-	86,469,707
5,199,941	-	-	215,329,380	190,646,056	(68,210)	215,261,170
5,199,941	1,192,104,000	-	1,647,929,033	1,528,530,134	3,531,790	1,651,460,823
-	-	-	-	-	(19,062,245)	(19,062,245)
<u>\$ 17,902,473</u>	<u>\$ 1,192,104,000</u>	<u>\$ 313,441,605</u>	<u>\$ 2,102,468,763</u>	<u>\$ 1,969,200,964</u>	<u>\$ 5,748,726</u>	<u>\$ 2,108,217,489</u>

CITY OF SCOTTSDALE, ARIZONA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND

EXHIBIT A-2

FOR THE FISCAL YEAR ENDED JUNE 30, 1995  
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST	JUNE 30, 1995	JUNE 30, 1994
<b>Revenues</b>							
Taxes - Local	\$ 49,916,502	\$ -	\$ 21,718,835	\$ 8,481,878	\$ -	\$ 80,117,215	\$ 71,201,469
Taxes - Intergovernmental	23,091,452	9,739,181	-	-	-	32,830,633	29,940,801
Grants	-	3,818,372	-	-	-	3,818,372	3,667,864
Special Assessments	-	-	5,514,188	-	-	5,514,188	5,643,993
Licenses	950,215	-	-	-	-	950,215	875,563
Charges for Current Services	12,410,462	-	-	-	-	12,410,462	10,499,462
Fines and Forfeitures	1,989,546	-	-	-	-	1,989,546	1,711,295
Use of Money and Property	5,773,383	-	591,203	2,683,073	67,054	9,114,713	6,325,051
Reimbursements from Outside Sources	-	-	-	3,703,092	-	3,703,092	2,465,067
Streetslight Districts	542,761	-	-	-	-	542,761	514,956
Other	10,735,172	161,141	-	182,387	1,839,924	12,918,624	12,798,760
<b>Total Revenues</b>	<b>105,409,493</b>	<b>13,718,694</b>	<b>27,824,226</b>	<b>15,050,430</b>	<b>1,906,978</b>	<b>163,909,821</b>	<b>145,644,081</b>
<b>Expenditures</b>							
<b>Current Operating Departments</b>							
General Government	13,622,530	354,363	-	-	-	13,976,893	12,437,057
Police	24,109,586	115,964	-	-	-	24,225,550	21,619,410
Financial Services	4,496,186	-	-	-	-	4,496,186	4,300,956
Transportation	-	3,878,146	-	-	-	3,878,146	3,128,180
Community Services	17,465,101	791,020	-	-	-	18,256,121	16,467,971
Planning & Development	10,983,921	3,018,320	-	-	-	14,002,241	12,932,762
Fire	8,434,827	-	-	-	-	8,434,827	7,544,821
Municipal Services	7,313,848	6,968,729	-	-	-	14,282,577	13,992,754
Streetslight Districts	457,954	-	-	-	-	457,954	469,644
Expendable Trusts	-	-	-	-	710,927	710,927	1,154,784
Capital Improvements	-	-	-	69,784,813	-	69,784,813	51,286,355
<b>Debt Service</b>							
Principal	788,713	1,615,000	13,872,000	-	-	16,275,713	14,179,855
Interest and Fiscal Charges	195,568	1,492,165	14,392,272	-	-	16,080,005	13,836,246
Refunding Bond Issuance Costs	-	-	-	-	-	-	1,595,304
<b>Total Expenditures</b>	<b>87,868,234</b>	<b>18,233,707</b>	<b>28,264,272</b>	<b>69,784,813</b>	<b>710,927</b>	<b>204,861,953</b>	<b>174,946,099</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>17,541,259</b>	<b>(4,515,013)</b>	<b>(440,046)</b>	<b>(54,734,383)</b>	<b>1,196,051</b>	<b>(40,952,132)</b>	<b>(29,302,018)</b>
<b>Other Sources (Uses)</b>							
Operating Transfers In	-	4,127,168	2,116,611	6,909,759	-	13,153,538	10,408,423
Operating Transfers Out	(7,781,706)	-	(2,910,063)	(3,079,444)	(317,657)	(14,088,870)	(11,469,918)
Bond Proceeds	-	-	-	45,180,223	-	45,180,223	57,138,638
Proceeds of Refunding Bonds	-	-	-	-	-	-	34,788,416
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	(34,748,123)
Proceeds from Sale of Real Estate	-	-	-	1,005,272	-	1,005,272	3,000,000
<b>Total Other Sources (Uses)</b>	<b>(7,781,706)</b>	<b>4,127,168</b>	<b>(793,452)</b>	<b>50,015,810</b>	<b>(317,657)</b>	<b>45,250,163</b>	<b>59,117,436</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>9,759,553</b>	<b>(387,845)</b>	<b>(1,233,498)</b>	<b>(4,718,573)</b>	<b>878,394</b>	<b>4,298,031</b>	<b>29,815,418</b>
<b>Fund Balances July 1, 1994</b>	<b>52,110,488</b>	<b>930,992</b>	<b>6,440,627</b>	<b>37,672,993</b>	<b>4,127,506</b>	<b>101,282,606</b>	<b>71,467,188</b>
<b>Fund Balances June 30, 1995</b>	<b>\$ 61,870,041</b>	<b>\$ 543,147</b>	<b>\$ 5,207,129</b>	<b>\$ 32,954,420</b>	<b>\$ 5,005,900</b>	<b>\$ 105,580,637</b>	<b>\$ 101,282,606</b>

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - BUDGET AND ACTUAL - BUDGET BASIS - GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUNDS

EXHIBIT A-3

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	GENERAL FUND			SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS			TOTALS (MEMORANDUM ONLY)		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues												
Taxes - Local	\$ 48,665,370	\$ 49,916,502	\$ 1,251,132	\$ -	\$ -	\$ -	\$ 22,350,892	\$ 21,645,323	\$ (705,569)	\$ 71,016,262	\$ 71,561,825	\$ 545,563
Taxes - Intergovernmental	22,988,762	23,091,452	102,690	9,679,000	9,739,181	60,181	-	-	-	32,667,762	32,830,633	162,871
Special Assessments	-	-	-	-	-	-	11,703,282	5,514,188	(6,189,094)	11,703,282	5,514,188	(6,189,094)
Licenses	1,004,200	950,215	(53,985)	-	-	-	-	-	-	1,004,200	950,215	(53,985)
Charges for Current Services	12,552,000	12,410,462	(141,538)	-	-	-	-	-	-	12,552,000	12,410,462	(141,538)
Fines and Forfeitures	1,867,945	1,989,546	121,601	-	-	-	-	-	-	1,867,945	1,989,546	121,601
Use of Money and Property	5,769,798	5,773,383	3,585	-	-	-	375,000	249,872	(125,128)	6,144,798	6,023,255	(121,543)
Other	963,000	834,896	(128,104)	-	-	-	-	-	-	963,000	834,896	(128,104)
Total Revenues	93,811,075	94,966,456	1,155,381	9,679,000	9,739,181	60,181	34,429,174	27,409,383	(7,019,791)	137,919,249	132,115,020	(5,804,229)
Expenditures												
Current Operating Departments												
General Government	14,307,024	13,845,568	461,456	-	-	-	-	-	-	14,307,024	13,845,568	461,456
Police	24,984,175	24,343,273	640,902	-	-	-	-	-	-	24,984,175	24,343,273	640,902
Financial Services	4,787,912	4,742,957	24,955	-	-	-	-	-	-	4,787,912	4,742,957	24,955
Transportation	-	-	-	3,815,961	3,773,406	42,555	-	-	-	3,815,961	3,773,406	42,555
Community Services	18,175,401	17,889,617	285,784	-	-	-	-	-	-	18,175,401	17,889,617	285,784
Planning & Development	11,529,060	11,405,205	123,855	-	-	-	-	-	-	11,529,060	11,405,205	123,855
Fire	8,486,623	8,445,253	41,370	-	-	-	-	-	-	8,486,623	8,445,253	41,370
Municipal Services	7,804,095	7,645,607	158,488	7,393,484	7,209,577	183,907	-	-	-	15,197,579	14,855,184	342,395
Debt Service												
Principal	758,683	788,713	(30,030)	1,615,000	1,615,000	-	18,230,936	13,872,000	4,358,936	20,604,619	16,275,713	4,328,906
Interest and Fiscal Charges	507,483	195,568	311,915	1,494,515	1,492,165	2,350	14,926,570	13,248,172	1,678,398	16,928,568	14,935,905	1,992,663
Total Expenditures	91,320,456	89,301,761	2,018,695	14,318,960	14,090,148	228,812	33,157,506	27,120,172	6,037,334	138,796,922	130,512,061	8,284,841
Excess (Deficiency) of Revenues Over Expenditures	2,490,619	5,664,695	3,174,076	(4,639,960)	(4,350,967)	288,993	1,271,668	289,211	(982,457)	(877,673)	1,602,939	2,480,612
Other Sources (Uses)												
Operating Transfers In	9,893,798	9,900,276	6,478	4,639,960	4,127,168	(512,792)	-	-	-	14,533,758	14,027,444	(506,314)
Operating Transfers Out	(12,384,417)	(7,781,706)	4,602,711	-	-	-	-	(2,910,063)	(2,910,063)	(12,384,417)	(10,691,769)	1,692,648
Total Other Sources (Uses)	(2,490,619)	2,118,570	4,609,189	4,639,960	4,127,168	(512,792)	-	(2,910,063)	(2,910,063)	2,149,341	3,335,675	1,186,334
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-	7,783,265	7,783,265	-	(223,799)	(223,799)	1,271,668	(2,620,852)	(3,892,520)	1,271,668	4,938,614	3,666,946
Encumbrances Cancelled	-	2,144,435	2,144,435	-	236,916	236,916	-	-	-	-	2,381,351	2,381,351
Fund Balances (Deficits) July 1, 1994	-	(6,844,587)	(6,844,587)	-	(179,578)	(179,578)	-	3,531,344	3,531,344	-	(3,492,821)	(3,492,821)
Fund Balances (Deficits) June 30, 1995	\$ -	\$ 3,083,113	\$ 3,083,113	\$ -	\$ (166,461)	\$ (166,461)	\$ 1,271,668	\$ 910,492	\$ (361,176)	\$ 1,271,668	\$ 3,827,144	\$ 2,555,476

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN RETAINED EARNINGS (ACCUMULATED DEFICIT)/FUND BALANCE - ALL PROPRIETARY FUND TYPES,  
NONEXPENDABLE TRUST FUND, AND DISCRETELY PRESENTED COMPONENT UNIT

EXHIBIT A-4

FOR THE FISCAL YEAR ENDED JUNE 30, 1995  
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1994 (PRIMARY GOVERNMENT ONLY)

	PROPRIETARY FUND TYPES		FIDUCIARY	TOTALS		COMPONENT UNIT JUNE 30, 1995	TOTALS
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	(MEMORANDUM ONLY)			(MEMORANDUM ONLY)
				PRIMARY GOVERNMENT JUNE 30, 1995	PRIMARY GOVERNMENT JUNE 30, 1994		REPORTING ENTITY JUNE 30, 1995
Operating Revenues							
Water Service Fees	\$ 39,129,164	\$ -	\$ -	\$ 39,129,164	\$ 35,056,561	\$ 2,434,387	\$ 41,563,551
Sewer Service Fees	11,674,229	-	-	11,674,229	10,554,454	-	11,674,229
Planet Ranch	162,037	-	-	162,037	571,025	-	162,037
Sanitation Fees	9,440,411	-	-	9,440,411	8,530,904	-	9,440,411
Airport Fees	792,546	-	-	792,546	635,357	-	792,546
Billings to User Programs	-	9,359,999	-	9,359,999	8,224,027	-	9,359,999
Property Tax	-	1,294,720	-	1,294,720	-	-	1,294,720
Interest Earnings	-	-	9,535	9,535	7,603	-	9,535
Other	1,470,318	107,161	-	1,577,479	396,711	-	1,577,479
<b>Total Operating Revenues</b>	<b>62,668,705</b>	<b>10,761,880</b>	<b>9,535</b>	<b>73,440,120</b>	<b>63,976,642</b>	<b>2,434,387</b>	<b>75,874,507</b>
Operating Expenses							
Water Operations	18,576,918	-	-	18,576,918	21,484,587	1,015,675	19,592,593
Sewer Operations	5,098,305	-	-	5,098,305	4,839,772	-	5,098,305
Sanitation Operations	7,683,230	-	-	7,683,230	6,818,575	-	7,683,230
Airport Operations	677,910	-	-	677,910	551,220	-	677,910
Motor Pool Operations	-	4,531,963	-	4,531,963	4,183,842	-	4,531,963
Self-Insurance Administration	-	972,696	-	972,696	829,395	-	972,696
Self-Insurance Claims	-	3,607,601	-	3,607,601	1,717,566	-	3,607,601
Trust Operations	-	-	3,349	3,349	4,406	-	3,349
Indirect Costs	6,343,788	-	-	6,343,788	5,690,064	-	6,343,788
In-Lieu Property Tax	1,148,880	-	-	1,148,880	939,336	-	1,148,880
Franchise Fees	2,407,608	-	-	2,407,608	2,094,216	-	2,407,608
Depreciation and Amortization	8,525,262	1,799,323	-	10,324,585	9,247,681	156,843	10,481,428
<b>Total Operating Expenses</b>	<b>50,461,901</b>	<b>10,911,583</b>	<b>3,349</b>	<b>61,376,833</b>	<b>58,400,660</b>	<b>1,172,518</b>	<b>62,549,351</b>
Operating Income (Loss)	\$ 12,206,804	\$ (149,703)	\$ 6,186	\$ 12,063,287	\$ 5,575,982	\$ 1,261,869	\$ 13,325,156

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN RETAINED EARNINGS (ACCUMULATED DEFICIT)/FUND BALANCE - ALL PROPRIETARY FUND TYPES,  
NONEXPENDABLE TRUST FUND, AND DISCRETELY PRESENTED COMPONENT UNIT

EXHIBIT A-4  
(Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 1995  
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1994 (PRIMARY GOVERNMENT ONLY)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)		COMPONENT UNIT JUNE 30, 1995	TOTALS (MEMORANDUM ONLY)
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	PRIMARY GOVERNMENT			REPORTING ENTITY
					JUNE 30, 1995		JUNE 30, 1994
Non-Operating Revenues (Expenses)							
Interest Earnings	\$ 4,539,783	\$ 406,635	\$ -	\$ 4,946,418	\$ 3,218,667	\$ 115,569	\$ 5,061,987
Interest Expense	(1,623,610)	-	-	(1,623,610)	(1,055,219)	(732,030)	(2,355,640)
Net Non-Operating Revenues (Expenses)	2,916,173	406,635	-	3,322,808	2,163,448	(616,461)	2,706,347
Operating Transfers In	732,433	839,000	-	1,571,433	1,689,483	-	1,571,433
Operating Transfers Out	(636,100)	-	-	(636,100)	(627,988)	-	(636,100)
Net Operating Transfers In	96,333	839,000	-	935,333	1,061,495	-	935,333
Net Income	15,219,310	1,095,932	6,186	16,321,428	8,800,925	645,408	16,966,836
Add Depreciation on Fixed Assets Acquired By Contributed Capital	4,063,865	-	-	4,063,865	3,663,325	-	4,063,865
Deduct Minority Interest	-	-	-	-	-	(715,170)	(715,170)
Increase (Decrease) In Retained Earnings (Accumulated Deficit)/Fund Balance	19,283,175	1,095,932	6,186	20,385,293	12,464,250	(69,762)	20,315,531
Retained Earnings/ Fund Balance July 1	88,689,809	485,786	187,855	89,363,450	76,899,200	1,552	89,365,002
Retained Earnings (Accumulated Deficit)/ Fund Balance June 30	\$ 107,972,984	\$ 1,581,718	\$ 194,041	\$ 109,748,743	\$ 89,363,450	\$ (68,210)	\$ 109,680,533

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPES,  
NONEXPENDABLE TRUST FUND, AND DISCRETELY PRESENTED COMPONENT UNIT

EXHIBIT A-5

FOR THE FISCAL YEAR ENDED JUNE 30, 1995  
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1994 (PRIMARY GOVERNMENT ONLY)

	PROPRIETARY FUND TYPES		FIDUCIARY	TOTALS		COMPONENT	TOTALS	
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	(MEMORANDUM ONLY)			UNIT	(MEMORANDUM ONLY)
				PRIMARY GOVERNMENT	REPORTING ENTITY			
				JUNE 30, 1995	JUNE 30, 1994	JUNE 30, 1995	JUNE 30, 1995	
Cash Flows from Operating Activities:								
Operating Income (Loss)	\$ 12,206,804	\$ (149,703)	\$ 6,186	\$ 12,063,287	\$ 5,575,982	\$ 1,261,869	\$ 13,325,156	
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:								
Depreciation	8,444,401	1,799,323	-	10,243,724	9,166,820	58,226	10,301,950	
Amortization	80,861	-	-	80,861	80,861	101,148	182,009	
Interest Earnings	-	-	(9,535)	(9,535)	(7,603)	-	(9,535)	
Changes in Assets and Liabilities (Sources (Uses) of Cash):								
Accounts Receivable	(1,283,538)	-	-	(1,283,538)	(806,290)	-	(1,283,538)	
Miscellaneous Receivables	2,965,237	3,215	-	2,968,452	(4,496,184)	-	2,968,452	
Supplies Inventory	-	18,148	-	18,148	(5,215)	-	18,148	
Other Assets	-	-	-	-	-	(18,654)	(18,654)	
Accounts Payable	(367,758)	(89,792)	-	(457,550)	1,239,872	88,958	(368,592)	
Accrued Payroll	(170,820)	(61,879)	-	(232,699)	112,168	-	(232,699)	
Due to General Fund	174,400	-	-	174,400	(94,613)	-	174,400	
Claims Payable	-	769,396	-	769,396	(84,915)	-	769,396	
Deferred Revenue	(4,168,765)	-	-	(4,168,765)	3,888,400	-	(4,168,765)	
Other Liabilities	108,063	-	-	108,063	(8,657)	-	108,063	
Due from Capital Projects Funds	7,095,362	-	-	7,095,362	4,985,200	-	7,095,362	
Total Adjustments	12,877,443	2,438,411	(9,535)	15,306,319	13,969,844	229,678	15,535,997	
Net Cash Provided By (Used For) Operating Activities	\$ 25,084,247	\$ 2,288,708	\$ (3,349)	\$ 27,369,606	\$ 19,545,826	\$ 1,491,547	\$ 28,861,153	

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES,  
NONEXPENDABLE TRUST FUND, AND DISCRETELY PRESENTED COMPONENT UNIT

EXHIBIT A-5  
(Continued here and on following page)

FOR THE FISCAL YEAR ENDED JUNE 30, 1995  
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1994 (PRIMARY GOVERNMENT ONLY)

	PROPRIETARY FUND TYPES		FIDUCIARY	TOTALS		COMPONENT UNIT JUNE 30, 1995	TOTALS
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	(MEMORANDUM ONLY)			REPORTING ENTITY JUNE 30, 1995
				PRIMARY GOVERNMENT JUNE 30, 1995	JUNE 30, 1994		
Cash Flows from Non-Capital Financing Activities:							
Operating Transfers In	\$ 478,333	\$ 839,000	\$ -	\$ 1,317,333	\$ 1,640,016	\$ -	\$ 1,317,333
Operating Transfers Out	(382,000)	-	-	(382,000)	(578,521)	-	(382,000)
Net Cash Provided by Non-Capital Financing Activities	96,333	839,000	-	935,333	1,061,495	-	935,333
Cash Flows from Capital and Related Financing Activities:							
Acquisition and Construction of Property and Equipment	(19,279,182)	(2,356,655)	-	(21,635,837)	(22,379,485)	-	(21,635,837)
Principal Payments on Long-Term Debt	(4,085,391)	-	-	(4,085,391)	(2,864,322)	(805,000)	(4,890,391)
Interest Paid on Long-Term Debt	(1,493,778)	-	-	(1,493,778)	(351,152)	(654,531)	(2,148,309)
Capital Contributions from Other Government Units	1,006,796	-	-	1,006,796	741,998	-	1,006,796
Capital Contributions from Developers	5,314,738	-	-	5,314,738	-	-	5,314,738
Water and Sewer Development Fees	14,934,055	-	-	14,934,055	12,376,897	-	14,934,055
Bond Proceeds	5,000,000	-	-	5,000,000	-	-	5,000,000
Proceeds from Contracts Payable	-	-	-	-	3,398,930	-	-
Net Cash Provided By (Used For) Capital and Related Financing Activities	1,397,238	(2,356,655)	-	(959,417)	(9,077,134)	(1,459,531)	(2,418,948)
Cash Flows from Investing Activities:							
Purchase of Investments	-	-	-	-	-	(5,730,275)	(5,730,275)
Proceeds from Sale of Investments	-	-	-	-	-	5,727,744	5,727,744
Interest Received on Investments	4,309,714	387,643	9,535	4,706,892	3,236,947	116,094	4,822,986
Restricted Funds/Debt Service	-	-	-	-	-	(119,613)	(119,613)
Net Cash Provided By (Used For) Investing Activities	4,309,714	387,643	9,535	4,706,892	3,236,947	(6,050)	4,700,842
Net Increase in Cash and Cash Equivalents	30,887,532	1,158,696	6,186	32,052,414	14,767,134	25,966	32,078,380
Cash and Cash Equivalents at Beginning of Year	60,405,508	7,121,950	187,855	67,715,313	52,948,179	135,969	67,851,282
Cash and Cash Equivalents at End of Year	\$ 91,293,040	\$ 8,280,646	\$ 194,041	\$ 99,767,727	\$ 67,715,313	\$ 161,935	\$ 99,929,662

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES,  
NONEXPENDABLE TRUST FUND, AND DISCRETELY PRESENTED COMPONENT UNIT

EXHIBIT A-5  
(Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 1995  
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1994 (PRIMARY GOVERNMENT ONLY)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)		COMPONENT UNIT JUNE 30, 1995	TOTALS (MEMORANDUM ONLY)
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	PRIMARY GOVERNMENT			REPORTING ENTITY JUNE 30, 1995
				JUNE 30, 1995	JUNE 30, 1994		
Cash and Cash Equivalents							
At End of Year Includes:							
Cash and Short-Term Investments	\$ 40,567,343	\$ 8,280,646	\$ 194,041	\$ 49,042,030	\$ 25,705,909	\$ 161,935	\$ 49,203,965
Restricted Cash and Investments	50,725,697	-	-	50,725,697	42,009,404	-	50,725,697
Total Cash and Cash Equivalents	<u>\$ 91,293,040</u>	<u>\$ 8,280,646</u>	<u>\$ 194,041</u>	<u>\$ 99,767,727</u>	<u>\$ 67,715,313</u>	<u>\$ 161,935</u>	<u>\$99,929,662</u>
Supplemental Disclosure of Noncash							
Financing Activities:							
Additions to Property, Plant, and Equipment							
Contributions							
From Developers	\$ 11,013,090	\$ -	\$ -	\$ 11,013,090	\$ 8,470,607	\$ -	\$ 11,013,090
From Others	181,973	-	-	181,973	8,030,235	-	181,973
From Other Government Units	-	103,930	-	103,930	3,863,308	-	103,930
To Other Government Units	(94,674)	-	-	(94,674)	-	-	(94,674)
	<u>\$ 11,100,389</u>	<u>\$ 103,930</u>	<u>\$ -</u>	<u>\$ 11,204,319</u>	<u>\$ 20,364,150</u>	<u>\$ -</u>	<u>\$ 11,204,319</u>

SEE NOTES TO FINANCIAL STATEMENTS



CITY OF SCOTTSDALE, ARIZONA

COMBINED STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL - BUDGET BASIS - ALL PROPRIETARY FUND TYPES

EXHIBIT A-6

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	ENTERPRISE FUNDS			INTERNAL SERVICE FUNDS			TOTALS (MEMORANDUM ONLY)		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
			FAVORABLE (UNFAVORABLE)			FAVORABLE (UNFAVORABLE)			FAVORABLE (UNFAVORABLE)
Revenues									
Water Service Fees	\$ 37,130,285	\$ 37,106,062	\$ (24,223)	\$ -	\$ -	\$ -	\$ 37,130,285	\$ 37,106,062	\$ (24,223)
Sewer Service Fees	11,501,732	11,174,727	(327,005)	-	-	-	11,501,732	11,174,727	(327,005)
Reclaimed Water	1,415,578	1,959,464	543,886	-	-	-	1,415,578	1,959,464	543,886
Groundwater Treatment	1,049,818	1,230,838	181,020	-	-	-	1,049,818	1,230,838	181,020
Planet Ranch	200,000	162,037	(37,963)	-	-	-	200,000	162,037	(37,963)
Sanitation Fees	9,389,000	9,440,411	51,411	-	-	-	9,389,000	9,440,411	51,411
Airport Fees	795,000	792,546	(2,454)	-	-	-	795,000	792,546	(2,454)
Billings to User Programs	-	-	-	9,275,000	9,359,999	84,999	9,275,000	9,359,999	84,999
Property Tax	-	-	-	1,294,720	1,294,720	-	1,294,720	1,294,720	-
Property Rental	2,891,670	2,496,593	(395,077)	-	-	-	2,891,670	2,496,593	(395,077)
Interest Earnings	103,000	163,065	60,065	1,123,054	839,000	(284,054)	1,226,054	1,002,065	(223,989)
Operating Transfers In	255,002	255,600	598	315,000	406,635	91,635	570,002	662,235	92,233
Other	-	517,294	517,294	-	107,161	107,161	-	624,455	624,455
<b>Total Revenues</b>	<b>64,731,085</b>	<b>65,298,637</b>	<b>567,552</b>	<b>12,007,774</b>	<b>12,007,515</b>	<b>(259)</b>	<b>76,738,859</b>	<b>77,306,152</b>	<b>567,293</b>
Expenditures									
Water Operations	19,343,135	19,037,196	305,939	-	-	-	19,343,135	19,037,196	305,939
Sewer Operations	4,958,460	4,958,599	(139)	-	-	-	4,958,460	4,958,599	(139)
Sanitation Operations	7,682,605	7,681,588	1,017	-	-	-	7,682,605	7,681,588	1,017
Airport Operations	745,876	714,035	31,841	-	-	-	745,876	714,035	31,841
Motor Pool Operations	-	-	-	10,198,872	9,920,659	278,213	10,198,872	9,920,659	278,213
Self-Insurance Operations	-	-	-	3,886,067	3,829,983	56,084	3,886,067	3,829,983	56,084
Debt Service and Reserves	10,150,766	9,675,359	475,407	-	-	-	10,150,766	9,675,359	475,407
Operating Transfers Out	382,000	382,000	-	-	-	-	382,000	382,000	-
Indirect Costs	9,893,798	9,900,276	(6,478)	-	-	-	9,893,798	9,900,276	(6,478)
<b>Total Expenditures</b>	<b>53,156,640</b>	<b>52,349,053</b>	<b>807,587</b>	<b>14,084,939</b>	<b>13,750,642</b>	<b>334,297</b>	<b>67,241,579</b>	<b>66,099,695</b>	<b>1,141,884</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,574,445	\$ 12,949,584	\$ 1,375,139	\$ (2,077,165)	\$ (1,743,127)	\$ 334,038	\$ 9,497,280	\$ 11,206,457	\$ 1,709,177

SEE NOTES TO FINANCIAL STATEMENTS



**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1995**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Scottsdale (City) was incorporated in 1951 under Arizona Revised Statute Chapter 9, Section 101. The current City Charter was adopted in 1961, which established the Council/Manager form of government and authorized the City to provide certain services to its citizens as limited by the State Constitution.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

**A. Financial Reporting Entity**

The financial reporting entity presented in these financial statements consists of the City of Scottsdale (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

**1. Individual Component Units - Blended**

- a. The City of Scottsdale Municipal Property Corporation (MPC), a non-profit corporation, was created by the City in 1967 solely for the purpose of constructing, acquiring and equipping buildings, structures, or improvements on land owned by the City. The MPC is governed by a Board of Directors appointed by the City Council. For financial reporting purposes, transactions of the MPC are included as if it were part of the City's operations.
- b. The Scottsdale Mountain Community Facilities District and the McDowell Mountain Ranch Community Facilities District were formed by petition to the City Council in 1992 and 1994, respectively. The Districts' purposes are to acquire and improve public infrastructure in specified land areas. As special purpose districts and separate political subdivisions under the Arizona Constitution, the Districts can levy taxes and issue bonds independently of the City. Property owners in the designated areas are assessed for District taxes and thus for the costs of operating the Districts. The City Council serves as the Board of Directors; however, the City has no liability for the Districts' debt. For financial reporting purposes, transactions of the Districts are combined together and included as if they were part of the City's operations.

Separate financial statements of the MPC and the two Community Facilities Districts may be obtained at the City's Financial Services Department, Accounting and Budget Division, 7447 East Indian School Road, Suite 210, Scottsdale, Arizona 85251.

**2. Individual Component Unit - Discrete**

The component unit column in the combined financial statements includes the financial data of the City's other component unit, Scottswater Company, Inc., (the Company) as described below. The Company is reported in a separate column to emphasize that it is legally separate from the City. The Company is reported as a proprietary fund type.

The Company is a non-profit corporation established by the City Council in 1993 to act as the general partner in the Scottsdale Water Service Company Limited Partnership (the Partnership). The City Council appoints and approves the Company's Board of Directors and nominates Company officers. The Partnership itself manages and operates a Central Arizona Project water treatment plant that, in conjunction with other City facilities, provides water and water services to Scottsdale citizens. All expenses of operating the water treatment plant are paid by the Partnership, and reimbursed by the City via a service agreement with the Partnership.

<b>NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)</b>
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**A. Financial Reporting Entity (continued)**

The financial information reported for the Company includes all activity of the Company and, as the managing general partner, 100 percent of the Partnership's assets, liabilities, revenues, and expenses. However, in accordance with the Company's separate agreement with the partnership, the Company would receive only 53 percent of these amounts upon dissolution of the Partnership.

The Company and Partnership have a fiscal year end of December 31; therefore, the component unit column presents financial statements as of and for the year ended December 31, 1994. The financial statements for the City of Scottsdale Enterprise Fund as of and for the year ended June 30, 1995, include a \$279,615 amount payable at June 30, 1995, and \$1,477,668 reimbursement paid to the Partnership for expenses of operating the water treatment plant for the six months ended June 30, 1995. These amounts are not reflected in the financial statements for the Company due to the difference in year end. The amounts represent revenue to the Partnership and will be reflected in the financial statements of the Company for the year ending December 31, 1995.

Separate unaudited financial statements of the Company, and separate audited financial statements of the Partnership for the year ended December 31, 1994, may be obtained from the administrative offices at 9388 E. San Salvador Drive, Scottsdale, AZ 85258.

**B. Fund Accounting**

The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures or expenses. The various funds are summarized by type in the financial statements. The following fund types and account groups are used by the City:

**Governmental Fund Types**

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the government's expendable financial resources and the related current liabilities, except those accounted for in proprietary funds, are accounted for through governmental funds (General, Special Revenue, Debt Service, and Capital Projects).

Governmental funds are, in essence, accounting segregations of financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are to be paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "Fund Balance".

The governmental fund measurement focus is on determination of financial position and changes in financial position rather than on net income determination. The statement of revenues, expenditures, and changes in fund balance is the main governmental fund operating statement.

**General**

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

<b>NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)</b>
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**B. Fund Accounting (continued)****Debt Service**

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**Capital Projects**

Capital Projects Funds account for the resources used to acquire, construct and improve major capital facilities, other than those financed by proprietary funds. Capital Projects Funds allow the City to compile project cost data and demonstrate that legal or contractual requirements regarding the use of the resources are fully satisfied.

**Proprietary Fund Types**

Proprietary Funds are used to account for a government's ongoing activities that are similar to those often found in the private sector. All revenues and expenses, including capital construction and issuing and repaying debt, and the assets, liabilities, and equities associated with such business-type activities, are recorded in proprietary funds. The measurement focus of these funds is on the determination of net income, financial position, and cash flows. The City's proprietary funds consist of Enterprise and Internal Service Funds.

**Enterprise**

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the City is that the expenses of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the City has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy or management control.

**Internal Service**

Internal Service Funds are used to account for the financing of goods or services provided by one department or unit to other departments or units of the City, on a cost-reimbursement basis.

**Fiduciary Fund Types**

Fiduciary funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Expendable trust funds are classified for accounting measurement purposes like a governmental fund. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

**Trust**

The City's Expendable Trust Fund accounts for assets held in a trustee capacity for libraries, the arts, parks, memorials, and other purposes as designated by the donors or by legal restrictions; and is accounted and reported similar to governmental funds. A Non-Expendable Trust Fund is used to account for assets held by the City in which the principal cannot be depleted, such as certain donations for libraries. The measurement focus for this fund is on determination of net income, financial position, and cash flows.

**Agency**

Agency Funds account for assets of the City's deferred compensation plan (see Note 8).

<b>NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)</b>
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**B. Fund Accounting (continued)****Account Groups**

Account groups are used to establish accounting control and accountability for a government's general fixed assets and unmatured principal of general long-term debt.

**General Fixed Assets**

This account group is established to account for all fixed assets of the City, other than those accounted for in the proprietary funds.

**General Long-Term Debt**

This account group is established to account for all long-term debt of the City, except that which is accounted for in the proprietary funds. Community facilities districts debt is included in accordance with generally accepted accounting principles since the districts are component units of the City.

**C. Basis Of Accounting**

The modified accrual basis of accounting is followed by the City's governmental and fiduciary fund types (except for the Non-Expendable Trust Fund). Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

Property tax, transaction privilege tax, hotel/motel transient tax, and investment earnings are recorded using the modified accrual basis, when such revenues are both measurable and available. (See Note 4 regarding property taxes.) Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenue are recorded as revenue when received in cash because they are generally not measurable until actually received.

In applying the susceptible to accrual concept to intergovernmental revenue, the legal and contractual requirements of the numerous individual programs are used as guidance. There are two types of intergovernmental revenue. In one, monies must be expended on the specific purpose of the project before any amounts are paid to the City; therefore, revenue is recognized based upon expenditures recorded. In the other, monies are unrestricted as to purpose of expenditure and are revocable only for failure to comply with prescribed requirements, e.g., equal employment opportunity. These resources are reflected as revenue at the time of receipt, or earlier if they meet the available criterion.

The proprietary fund types and Non-Expendable Trust Fund are accounted for using the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred.

**D. Budget And Budgetary Accounting**

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

- The City Council formally adopts the budgets and legally allocates, or appropriates, available monies for the General Fund, Highway User Fuel Tax Special Revenue Fund, Debt Service Funds (except for the Community Facilities Districts Debt Service Fund), Enterprise, and Internal Service Funds. Therefore, these funds have appropriated budgets and budget to actual information is presented.

<b>NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)</b>
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**D. Budget And Budgetary Accounting (continued)**

- The Community Development, Grants, and Section 8 Special Revenue Funds; Community Facilities Districts Funds; Capital Projects Funds; and Trust and Agency Funds have non-appropriated budgets. Accordingly, no comparison of budget to actual is presented in the financial statements for these funds. Budgets for the Community Development, Grants, and Section 8 Funds are established pursuant to the terms of the related grant awards. Budgets for the Community Facilities Districts are established in accordance with Arizona Revised Statutes, which do not require their inclusion in the City budget or adoption by the City Council. Budgets for Capital Projects Funds are established for individual projects and continue until the project is completed and capitalized. Budgets for Trust and Agency Funds are established in accordance with the trust agreements.
- On or before the second regular Council meeting in May, the City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Two public hearings are held prior to the budget's final adoption in order to obtain taxpayer comments.
- At the first regular Council meeting in June, the budget is legally enacted through passage of an ordinance. The ordinance sets the limit for expenditures during the fiscal year. Additional expenditures may be authorized for expenditures directly necessitated by a natural or man-made disaster as prescribed in the State Constitution, Article 9, Section 20. During 1994/95, there were no supplemental budgetary appropriations to the original budget.
- The expenditure appropriations in the adopted budget are by department. The maximum legal expenditure permitted for the fiscal year is the total budget as adopted. Departmental appropriations may be amended during the year.
- Upon the recommendation of the City Manager, and with the approval of the City Council: (1) transfers may be made from the appropriations for contingencies to departments; and (2) unencumbered appropriations may be transferred from one department to another.
- Management control of budgets is further maintained at a line item level within the department. Transfers between line items within a department may be done only upon approval of the City Manager.
- All expenditure appropriations which have not been encumbered lapse at year end.

Certain differences exist between the basis of accounting used for budgetary purposes and that used for reporting in accordance with generally accepted accounting principles. These differences are described in Note 2.

**E. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental and fiduciary fund types. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Encumbrances outstanding at the beginning of a fiscal year which were recognized as budgetary expenditures (but not as GAAP basis

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Encumbrances (continued)**

expenditures) in the prior year are recognized as GAAP basis expenditures (but not as budgetary expenditures unless reappropriated) in the current year as such expenditures are incurred.

Encumbrance accounting is employed in the proprietary fund types for budget purposes only. Budget basis encumbrances in the proprietary funds at June 30, 1995, aggregated \$3,621,404.

**F. Cash Equivalents**

Cash equivalents for purposes of the statements of cash flows are investments (including restricted assets) in the State of Arizona Local Government Investment Pool, mutual funds, demand deposits, repurchase agreements, and U.S. Treasury bills and notes with maturities of three months or less at acquisition date.

**G. Investments**

Investments are stated at cost, or amortized cost, which approximates market, except for the investments held by the Agency Fund, which are valued at fair market value. The City's policy is to invest in certificates of deposit, repurchase agreements, direct U.S. Treasury debt, securities guaranteed by the United States Government or any of its agencies, and the State of Arizona Local Government Investment Pool.

**H. Inventories**

The costs of inventory items are recorded under the consumption method as expenditures when consumed for financial statement purposes. Supplies inventory is included on the balance sheet of the General Fund and the Motor Pool Fund (an Internal Service Fund). Inventories are valued at year-end based on cost, with cost being determined using an average cost method.

**I. General Fixed Assets**

General fixed assets are all land, buildings, and equipment that have been acquired or constructed for general governmental purposes. General fixed assets are recorded as expenditures in the governmental funds when purchased or constructed, and are capitalized at historical cost in the General Fixed Assets Account Group.

Contributed (donated) fixed assets are recorded by reference to historical costs of the donor if recently purchased or constructed, or if such records are not available, at estimated fair market value on the date of receipt. Estimated costs of such general fixed assets contributed to the City through June 30, 1995, are as follows:

Land .....	\$16,389,927
Streets and Storm Drains .....	687,209,469
Traffic Signal Equipment.....	606,000

It is the City's policy to include public domain fixed assets, such as roads, bridges, streets, and similar items in the General Fixed Assets Account Group.

Depreciation is not recorded on general fixed assets.

General fixed assets sold or otherwise disposed of are eliminated from the accounts.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****J. Property, Plant, And Equipment - Proprietary Fund Types**

Property, plant, and equipment of the Enterprise and Internal Service Funds are recorded directly in those funds at actual cost, whether purchased or constructed.

Fixed assets contributed (donated) to those funds are recorded by reference to historical costs of the donor if recently purchased or constructed, or if such records are not available, at estimated fair market value on the date of receipt. Estimated costs of such assets contributed through June 30, 1995, are as follows:

Water and Sewer Utility Fund Assets:  
 Water System and Sewer System..... \$129,612,895

Contributions of funds from federal, state, or local grants, subdivider infrastructure, and developer fees restricted for the purpose of purchasing property, plant, or equipment are recorded as contributed capital.

Depreciation and amortization of all proprietary fund assets are recorded and calculated using the straight-line method over the following estimated useful lives:

Water System..... 10 to 75 Years  
 Sewer System ..... 25 to 50 Years  
 Buildings and Improvements ..... 25 Years  
 Machinery and Equipment..... 20 Years  
 Motor Vehicles..... 3 to 10 Years  
 Furniture, Fixtures, and Office Equipment..... 5 to 10 Years

Depreciation of contributed assets is recorded as an expense and is closed to the respective fund's contributed capital account.

The excess purchase price over fair market value of assets acquired in the Water and Sewer Utility Enterprise Fund is amortized on the straight-line method over 20 to 25 years.

When fixed assets of proprietary fund types are disposed of, the cost and accumulated depreciation or amortization are removed from the accounts, and any resultant gain or loss is recognized.

**K. Transactions Between Funds**

Transactions that would be treated as revenue, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenue, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed except for indirect cost allocations, which are recorded as revenue and expenses in the appropriate funds.

Non-recurring or non-routine transfers of equity between funds are treated as residual equity transfers and are reported as additions to or deductions from the beginning fund balance of governmental funds. Residual equity transfers to proprietary fund types are treated as contributed capital, and such transfers from proprietary fund types are reported as reductions of retained earnings or contributed capital as is appropriate in the circumstances. All other transactions are treated as operating transfers and are included in the results of operations of both governmental and proprietary fund types.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****K. Transactions Between Funds (continued)**

Indirect administrative costs are allocated to the Enterprise Funds by applying an indirect cost rate to budgeted costs. The indirect cost rate is the ratio of indirect operating services to direct operating services. Indirect operating services are budgetary units that only support or serve other City units. Direct operating services are budgetary units that only support or serve the public. Internal Service Fund budgetary units and debt service costs are excluded from the indirect cost rate calculation.

**L. Funds Servicing Long-Term Debt**

The City accumulates the resources to pay, and records the payments of principal, interest, and fiscal charges on long-term debt primarily in the City's Debt Service Funds, which consist of four individual debt service funds:

1. The General Obligation Bond Debt Service Fund accounts for those general obligation bonds that are repaid through the general resources of the City.
2. The Municipal Property Corporation (MPC) Debt Service Fund accounts for bonds issued by the MPC, which are repaid through collections of transaction privilege tax (sales tax) and other unrestricted revenues.
3. The Special Assessments Debt Service Fund accounts for and services all special assessment bonds, which are paid via assessments on the property owners.
4. The Community Facilities Districts Debt Service Fund accounts for all debt issued and repaid by community facilities districts. Community facilities districts debt is included in accordance with generally accepted accounting principles since the districts are component units of the City.

In addition, the City accounts for other debt as follows. Payments of principal and interest on contracts that are funded by general revenues are recorded in the General Fund. Payments on bonds funded by Highway User revenues are reported in the Highway User Fuel Tax Special Revenue Fund. Finally, the Enterprise Funds (the Water and Sewer Utility Fund) account for and service the bonds and contracts paid out of revenues of those funds.

**M. Compensated Absences**

Compensated absences consist of vacation leave and a calculated amount of sick leave earned by employees based on services already rendered. Employees may accumulate up to a maximum number of hours of vacation depending on years of service, but any vacation hours in excess of the maximum amount unused at year end are forfeited. The City's policy is to pay employees for unused accumulated vacation hours at termination or retirement. Sick leave time can be accumulated without limit; however, the City's policy is that only those employees hired full-time before July 1, 1982 are paid for unused sick leave at death or retirement. The amount of both types of compensated absences expected to be paid using expendable available financial resources is recorded as a current liability at June 30 in the governmental and proprietary funds. The City calculates this current amount based on vacation taken and sick leave retirement payoff benefits paid in the subsequent fiscal year. At June 30, 1995, the total current liability (included in accrued payroll), in the governmental funds was \$661,512 and in the proprietary funds, \$947,635.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****M. Compensated Absences, (continued)**

The remaining noncurrent amount of compensated absences is recorded in the General Long-Term Debt Account Group (GLTDAG). At June 30, 1995, the total long-term liability for compensated absences was \$5,244,968 in the GLTDAG. There is no long-term liability for compensated absences in the proprietary funds.

**N. Self-Insurance Fund**

The Self-Insurance Fund is responsible for the budgeting, investigation, and payment of claims that are incurred by the City. The fund is protected by excess insurance designed to limit the exposure of loss for any single loss occurrence. For fiscal year 1995, the fund was responsible for the first \$300,000 per occurrence for workers' compensation claims, and the first \$1,000,000 for liability claims against the City. The fund was also responsible for vehicle damage above \$1,000, and all unemployment claims.

Incurred-but-not-reported (IBNR) claims and losses are included in the Self-Insurance Fund. IBNR claim amounts are actuarially determined.

**O. "Memorandum Only" Comparative Total Columns**

Comparative total columns for the current and prior year for the City (the primary government) have been presented in the accompanying combined financial statements in order to provide an understanding of changes in the City's financial operations. Total columns for the current year only are also presented for the reporting entity (the City and the discretely presented component unit).

Data in the "memorandum only" columns do not present financial position, results of operations, or cash flows in accordance with generally accepted accounting principles. The totals do not represent consolidated financial information, and interfund eliminations have not been made.

**NOTE 2 - BUDGETARY BASIS OF ACCOUNTING**

The City's financial transactions are presented in accordance with generally accepted accounting principles (GAAP) in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types, and in the Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (Accumulated Deficit) - All Proprietary Fund Types.

However, the City prepares its annual *budget* on a basis which differs from GAAP. Therefore, the City's budget, and essentially the same transactions as shown in the above statements, are presented in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) - Budget and Actual - Budget Basis - General, Special Revenue, and Debt Service Funds; and in the Combined Statement of Revenue and Expenses - Budget and Actual - Budget Basis - All Proprietary Fund Types, but on a *budgetary* basis, to provide a meaningful comparison of actual results with the budget.

The major differences between the GAAP and budget bases are:

- Funds, activities, and accounts that are not budgeted, or that do not have appropriated budgets, are appropriately included on the GAAP-basis statements, but do not appear on the budget-basis statements.
- Certain revenues, expenditures, and transfers are accrued on the GAAP basis but are not recognized in the budgetary year.
- Encumbrances are recorded as a reservation of fund balance on the GAAP basis but as the equivalent of expenditures on the budget basis.
- Indirect administrative cost allocations (including in-lieu property tax and franchise fees) charged to the Enterprise Funds are recognized as revenues and expenses on the GAAP basis but are accounted for as transfers in or out in the budgetary process.
- Capital outlays not recognized as GAAP expenses in the Enterprise and Internal Service Funds are recognized as expenditures for budget purposes.
- Debt service principal payments in the Enterprise Funds are not recognized on the GAAP basis but are recognized as expenditures for budget purposes.

**NOTE 2 - BUDGETARY BASIS OF ACCOUNTING (continued)**

The following schedules present the adjustments necessary to reconcile total revenues, expenditures, other sources (uses), and fund balances (deficit) as shown on the GAAP basis statement to the budget basis statement for the General, Special Revenue, and Debt Service Funds.

Total Revenues	General	Special Revenue	Debt Service
<b>GAAP Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances</b>	\$105,409,493	\$13,718,694	\$27,824,226
Deduct revenues for which appropriated annual budgets are not prepared:			
Streetlight and Community Facilities Districts	(542,761)	-	(414,843)
CDBG, Grants, & Section 8 Special Revenue Funds	-	(3,979,513)	-
Deduct items recorded as revenues for GAAP purposes that are recorded as operating transfers in from the Enterprise Fund for budget purposes:			
Indirect costs	(6,343,788)	-	-
Franchise fees	(2,407,608)	-	-
In-lieu property tax	(1,148,880)	-	-
Total reconciling items	(10,443,037)	(3,979,513)	(414,843)
<b>Budget Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Basis</b>	<b>\$94,966,456</b>	<b>\$9,739,181</b>	<b>\$27,409,383</b>
Total Expenditures	General	Special Revenue	Debt Service
<b>GAAP Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances</b>	\$87,868,234	\$18,233,707	\$28,264,272
Deduct expenditures of districts/funds for which appropriated budgets are not prepared:			
Streetlight and Community Facilities Districts	(457,954)	-	(1,144,100)
CDBG, Grants, & Section 8 Special Revenue Funds	-	(4,459,276)	-
Items recorded as expenditures for GAAP purposes that are not recognized for budget purposes:			
Deduct increase in compensated absences	(151,832)	(13,117)	-
Add reserve for encumbrances at June 30, 1995, recognized as expenditures for budget purposes	2,043,313	328,834	-
Total reconciling items	1,433,527	(4,143,559)	(1,144,100)
<b>Budget Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Basis</b>	<b>\$89,301,761</b>	<b>\$14,090,148</b>	<b>\$27,120,172</b>

**NOTE 2 - BUDGETARY BASIS OF ACCOUNTING (continued)**

Total Other Sources (Uses)	General	Special Revenue	Debt Service
<b>GAAP Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances</b>	(\$7,781,706)	\$4,127,168	(\$793,452)
Add items recorded as revenues for GAAP purposes that are recorded as operating transfers in from the Enterprise Fund for budget purposes:			
Indirect costs	6,343,788	-	-
Franchise fees	2,407,608	-	-
In-lieu property tax	1,148,880	-	-
Deduct items recorded in funds for which appropriated budgets are not prepared:			
Community Facilities Districts - Operating transfers in	-	-	(2,116,611)
<b>Total reconciling items</b>	<b>9,900,276</b>	<b>-</b>	<b>(2,116,611)</b>
<b>Budget Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual</b>	<b>\$2,118,570</b>	<b>\$4,127,168</b>	<b>(\$2,910,063)</b>

Fund Balance (Deficit) at June 30, 1995	General	Special Revenue	Debt Service
<b>GAAP Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances</b>	\$61,870,041	\$543,147	\$5,207,129
Add (deduct) total reconciling items previously described for:			
Revenues	(10,443,037)	(3,979,513)	(414,843)
Expenditures	(1,433,527)	4,143,559	1,144,100
Other Sources/Uses	9,900,276	-	(2,116,611)
Add canceled encumbrances	2,144,435	236,916	-
Adjustment for difference in restated fund balance at July 1, 1994, due to prior years' GAAP/budget differences	(58,955,075)	(1,110,570)	(433,248)
<b>Total reconciling items</b>	<b>(58,786,928)</b>	<b>(709,608)</b>	<b>(1,820,602)</b>
<b>Budget Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual</b>	<b>\$3,083,113</b>	<b>(\$166,461)</b>	<b>\$3,386,527</b>

**NOTE 2 - BUDGETARY BASIS OF ACCOUNTING (continued)**

Adjustments necessary to reconcile the revenues and expenses for the proprietary funds as presented on the GAAP basis statement to revenues and expenditures shown on the budget basis statement are as follows:

Revenues	Enterprise	Internal Service
<b>GAAP Basis - Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (Accumulated Deficit)</b>		
Operating revenues	\$62,668,705	\$10,761,880
Non-operating revenues - interest	4,539,783	406,635
Operating transfers in	732,433	839,000
<b>Total revenues and transfers in</b>	<b>67,940,921</b>	<b>12,007,515</b>
Deduct operating transfer in to non-budgeted fund	(476,833)	-
Deduct revenue received for non-budgeted funds	(122,262)	-
Deduct interest earnings on bond funds not recognized as income for budget purposes	(2,043,189)	-
<b>Total reconciling items</b>	<b>(2,642,284)</b>	<b>-</b>
<b>Budget Basis - Combined Statement of Revenues and Expenditures - Budget and Actual</b>	<b>\$65,298,637</b>	<b>\$12,007,515</b>
<b>Expenses/Expenditures</b>		
<b>GAAP Basis - Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (Accumulated Deficit)</b>		
Operating expenses	\$50,461,901	\$10,911,583
Non-operating expenses - interest	1,623,610	-
Operating transfers out	636,100	-
<b>Total expenses and transfers out</b>	<b>52,721,611</b>	<b>10,911,583</b>
Deduct items recorded as GAAP expenses that are not recognized as expenditures for budget purposes:		
Compensated absences	(94,119)	(16,244)
Depreciation and amortization	(8,525,262)	(1,799,323)
Increase in claims payable	-	(769,396)
Operating transfer out for non-budgeted funds	(254,100)	-
Add items recorded as expenditures for budget purposes that are not recognized as expenses for GAAP purposes:		
Capital outlay	173,632	2,379,548
Encumbrances at June 30, 1995	576,929	3,044,474
Debt service principal payments and capitalized interest	6,752,862	-
Increase in reserved retained earnings	1,298,887	-
Deduct expenditures related to non-budgeted bond activity	(301,387)	-
<b>Total reconciling items</b>	<b>(372,558)</b>	<b>2,839,059</b>
<b>Budget Basis - Combined Statement of Revenues and Expenditures - Budget and Actual</b>	<b>\$52,349,053</b>	<b>\$13,750,642</b>

<b>NOTE 3 - CASH AND INVESTMENTS</b>
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The City maintains a cash and investment pool for use by all funds except the Municipal Property Corporation and Community Facilities Districts Debt Service Funds, which have investments held separately by a trustee, and the Agency Fund.

**Deposits**

At June 30, 1995, the book value of the City's deposits was \$2,181,624, and the bank balance was \$6,569,775. The \$4,388,151 difference represents outstanding checks and other reconciling items.

Risk category one cash balances, which are covered entirely through a combination of federal depository insurance funds and pledged collateral (of which securities are held by the City's agent in the name of the City), equaled \$6,467,913 at June 30, 1995. Risk category three cash balances, which are collateralized with securities held by the pledging bank's trust department or agent but not in the name of the City equaled \$101,862 at June 30, 1995, and were held in the name of the Municipal Property Corporation (MPC). At June 30, 1995, there were no cash balances in risk category two.

**Investments**

City Charter, Ordinance, and Trust Agreements authorize the City to invest in obligations of the U.S. Treasury, U.S. Government agencies, Certificates of Deposit, bankers' acceptances, commercial paper (A-1, P-1), repurchase agreements, mutual funds consisting of the foregoing, and the State of Arizona Local Government Investment Pool (LGIP). At June 30, 1995, 100 percent of the funds invested in mutual funds were in funds whose portfolios consist solely of U.S. Government Treasury and Agency securities.

The City's investments at June 30, 1995, are summarized below. Risk category one includes investments that are registered in the name of the City and held by the City's agent in the name of the City. Category three includes uninsured and unregistered investments not held in the name of the City. Category three includes \$1,559,512 of investments of the MPC, held by the MPC's agent in the name of the MPC. At June 30, 1995, there were no investments in risk category two.

Investments not subject to credit risk classification are not categorized.

	Category		Carrying Amount	Market Value
	1	3		
U.S. Treasury	\$64,719,115	\$149,231	\$64,868,346	\$65,206,508
U.S. Agency Securities	622,752	1,410,281	2,033,033	1,309,039
	<u>\$65,341,867</u>	<u>\$1,559,512</u>	<u>66,901,379</u>	<u>66,515,547</u>
LGIP			36,641,253	36,641,253
Mutual Funds			114,822,276	110,715,585
ICMA (see Note 8)			9,046,693	9,046,693
Guaranteed Investment Contracts			1,195,000	1,195,000
Money Market Funds			5,063,987	5,063,987
<b>Total Investments</b>			<u>\$233,670,588</u>	<u>\$229,178,065</u>



**NOTE 3 - CASH AND INVESTMENTS (continued)****↻ Reconciliation of Note 3 to Exhibit A-1 ↻**

<b>Note 3</b>		<b>Exhibit A-1</b>	
Total	\$2,181,624	Cash and Short-Term	
Cash/Deposits		Investments	
Total Investments	233,670,588	General	\$57,222,764
Total	<u>\$235,852,212</u>	Special Revenue	2,228,423
		Debt Service	19,397,554
		Capital Projects	36,617,834
		Enterprise	40,567,343
		Internal Service	8,280,646
		Trust and Agency	4,687,322
		Investments	
		General	5,518,424
		Debt Service	1,559,512
		Trust and Agency	9,046,693
		Restricted Cash and	
		Investments	
		Enterprise	50,725,697
		Total (Primary Government)	<u>\$235,852,212</u>

**NOTE 4 - PROPERTY TAX**

Property taxes are recognized as revenue on the modified accrual basis, i.e., when both measurable and available. Property taxes levied in August, 1995, are not available for 1994/95; accordingly, such taxes will not be recognized as revenue until 1995/96. Prior year levies were recorded using these same principles, and remaining receivables from such levies are also recognized as revenue, when available.

The City's property tax is levied each year on or before the third Monday in August based on the previous January 1 full cash value as determined by the Maricopa County Assessor. Levies are due and payable in two installments, on October 1 and March 1, and become delinquent on November 1 and May 1, respectively. A lien attaches to the property on the first day of January preceding the assessment and levy of taxes. Delinquent amounts bear interest at the rate of 16 percent. Maricopa County, at no charge to the taxing entities, bills and collects all property taxes. Public auctions of properties which have delinquent real estate taxes are held in February following the May 1 date upon which the second half taxes become delinquent.

Property taxes levied for current operation and maintenance expenses on residential property are limited to 1.0 percent of the primary full cash value of such property. In addition, taxes levied for current operation and maintenance expenses on all types of property are limited to a maximum increase of 2.0 percent over the prior year's levy, adjusted for new construction and annexations.

Property taxes levied to pay principal and interest on bonded indebtedness are not limited.

**NOTE 5 - FIXED ASSETS**

A summary of changes in general fixed assets follows:

	<b>Balance June 30, 1994</b>	<b>Transfers/ Additions</b>	<b>Transfers/ Deletions</b>	<b>Balance June 30, 1995</b>
Land	\$53,976,839	\$1,584,944	-	\$ 55,561,783
Buildings and Improvements	145,437,138	23,987,889	-	169,425,027
Streets and Storm Drains	839,193,680	58,628,699	-	897,822,379
Machinery and Equipment	26,799,437	3,761,270	(\$7,913)	30,552,794
Construction in Progress	60,566,697	819,229	(22,643,909)	38,742,017
<b>Total</b>	<b>\$1,125,973,791</b>	<b>\$88,782,031</b>	<b>(\$22,651,822)</b>	<b>\$1,192,104,000</b>

General fixed asset construction in progress commitments at June 30, 1995, included as a line item above, were composed of the following:

	<b>Construction In Progress</b>	<b>Commitments</b>	<b>Budget</b>
Streets	\$11,964,153	\$10,660,043	\$22,624,196
Traffic	1,256,889	483,011	1,739,900
Transit	212,961	2,904,539	3,117,500
Improvement Districts	11,946,299	553,701	12,500,000
Drainage/Flood Control	3,389,786	4,053,203	7,442,989
Parks/Recreation	2,609,095	3,962,668	6,571,763
Specialty Areas	2,327,071	6,719,168	9,046,239
Service Facilities	3,540,574	5,376,612	8,917,186
Public Safety	1,044,507	2,040,310	3,084,817
Libraries	450,682	1,250,018	1,700,700
<b>Total</b>	<b>\$38,742,017</b>	<b>\$38,003,273</b>	<b>\$76,745,290</b>

A summary of proprietary funds' fixed assets at June 30, 1995, follows:

	<b>Enterprise</b>	<b>Internal Service</b>
Land and Land Improvements	\$17,869,894	-
Water Rights	22,911,267	-
Water System	208,211,004	-
Sewer System	109,472,230	-
Buildings and Improvements	1,929,146	\$1,448,103
Motor Vehicles	-	16,482,264
Furniture and Fixtures	558,889	78,959
Machinery and Equipment	2,171,250	1,097,743
Construction in Progress	14,351,738	682,286
	377,475,418	19,789,355
Accumulated Depreciation	(74,829,348)	(10,221,958)
<b>Net Fixed Assets</b>	<b>\$302,646,070</b>	<b>\$9,567,397</b>

**NOTE 5 - FIXED ASSETS (continued)**

Enterprise and Internal Service Funds construction in progress commitments at June 30, 1995, included as a line item above, were composed of the following:

	Construction In Progress	Commitments	Budget
Enterprise			
Water System Projects	\$7,292,325	\$35,491,275	\$42,783,600
Sewer System Projects	5,269,908	10,438,892	15,708,800
Airport Projects	1,789,505	1,758,332	3,547,837
Total	\$14,351,738	\$47,688,499	\$62,040,237
Internal Service:			
Motor Vehicle Projects	\$682,286	\$2,960,198	\$3,642,484

**NOTE 6 - LONG-TERM DEBT**

The following are brief descriptions of bonds outstanding at June 30, 1995. The totals shown are the principal amount outstanding, net of the current portion due July 1, 1995.

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

**General Obligation Bonds**

General obligation (GO) bonds are issued, after approval by City of Scottsdale voters at an authorized bond election, to finance the construction of water and sewer systems, artificial lighting, parks and open spaces, recreational facilities, and general purpose improvements. At June 30, 1995, the City had \$91,029,500 authorized but unissued GO bonds. GO bonds are backed by the full faith and credit of the City, and are repaid through the City's levying of property (ad valorem) taxes. However, a portion of the City's GO bonds are recorded in the Water Enterprise Fund as described below, and are repaid through revenues of that fund unless such revenues are insufficient.

1968 Civic Center Improvement Serial Bonds due in one remaining installment of \$250,000 on July 1, 1996; interest at 4.7 percent. Original issue amount, \$1,400,000.	\$250,000
1986 Water System Acquisition and Improvement Serial Bonds due in annual installments of \$1,130,000 to \$1,220,000 through July 1, 1997; interest at 6.3 percent to 6.4 percent. These bonds are recorded in and paid out of the Water Fund. Original issue amount, \$38,000,000.	2,350,000
1989 Capital Improvement Project Serial Bonds (Series A issued 1990) due in annual installments of \$615,000 to \$1,200,000 beginning July 1, 1996, through July 1, 2000; interest at 8.5 percent. Original issue amount, \$28,785,000	4,960,000
1989 Capital Improvement Project Serial Bonds (Series B issued 1991) due in annual installments of \$685,000 to \$1,175,000 beginning July 1, 1996, through July 1, 2011; interest at 6.0 percent to 8.5 percent. Original issue amount, \$19,000,000.	8,280,000
1991 Refunding Bonds due in annual installments of \$575,000 to \$720,000 through July 1, 2000; interest at 5.7 percent to 6.2 percent. Original issue amount, \$8,830,000.	3,230,000

**NOTE 6 - LONG-TERM DEBT (continued)****General Obligation Bonds (continued)**

1989 Capital Improvement Project Serial Bonds (Series C issued 1992)/Refunding Bonds due in annual installments of \$715,000 to \$2,025,000 through July 1, 2012; interest at 5.25 percent to 7.75 percent. Original issue amount, \$25,055,000.	\$19,000,000
1993 Refunding Bonds due in annual installments of \$865,000 to \$8,150,000 through July 1, 2009; interest at 3.8 percent to 5.5 percent. \$28,565,000 of these bonds are recorded in and paid out of the Water Fund. Original issue amount, \$45,015,000.	43,535,000
1989 Capital Improvement Project Serial Bonds (Series D issued 1993) due in annual installments of \$500,000 to \$1,475,000 through July 1, 2013; interest at 4.0 percent to 6.5 percent. Original issue amount, \$21,000,000.	18,765,000
1993 A Refunding Bonds due in annual installments of \$460,000 to \$5,560,000 through July 1, 2011; interest at 3.45 percent to 5.1 percent. \$1,315,000 of these bonds are recorded in and paid out of the Water Fund. Original issue amount, \$24,265,000.	23,620,000
1989 Capital Improvement Project Serial Bonds (Series E issued 1994) due in annual installments of \$425,000 to \$1,150,000 through July 1, 2014; interest at 5.25 percent to 8.25 percent. Original issue amount, \$14,250,000.	13,850,000
1994 Various Projects Serial Bonds (issued November 1, 1994) due in annual installments of \$450,000 to \$1,350,000 through July 1, 2014; interest at 5.75 percent to 8.25 percent. Original issue amount, \$16,000,000.	<u>15,575,000</u>
Total General Obligation bonds outstanding	\$153,415,000
Less General Obligation bonds paid out of Water Enterprise Fund	<u>(31,500,000)</u>
Net General Obligation bonds outstanding	<u>\$121,915,000</u>

**HURF Revenue Bonds**

Highway User Revenue Fee (HURF) bonds are issued specifically for the purpose of constructing street and highway projects. These bonds are repaid out of the Special Revenue Fund by gas tax revenues collected by the State of Arizona and distributed to cities and towns based on a formula of population and gas sales within each county.

1989 Highway User Revenue Refunding Serial Bonds due in annual installments of \$810,000 to \$1,380,000 through July 1, 1997; interest at 6.6 percent to 6.7 percent. Original issue amount, \$15,900,000.	\$2,190,000
1993 Highway User Revenue Refunding Serial Bonds due in annual installments of \$890,000 to \$2,990,000 through July 1, 2007; interest at 4.0 percent to 5.5 percent. Original issue amount, \$26,690,000.	<u>25,065,000</u>
	<u>\$27,255,000</u>

**NOTE 6 - LONG-TERM DEBT (continued)****Municipal Property Corporation Bonds**

The Municipal Property Corporation (MPC) is a non-profit corporation created by the City to finance the construction or acquisition of certain capital improvement projects. The MPC issues its own bonds, which are repaid through the City's excise tax collections and other unrestricted revenues. The use of property taxes to repay these bonds is specifically prohibited by law.

1974 Municipal Property Corporation Bonds due in one remaining installment of \$1,420,000 on July 1, 1996; interest at 5.5 percent. Original issue amount, \$7,130,000.	\$1,420,000
1987 Municipal Property Corporation Certificates of Participation due in annual installments of \$550,000 to \$695,000 beginning July 1, 1997, through July 1, 2001; interest at 5.9 percent to 6.3 percent.	3,100,000
1987 Refunding Series Municipal Property Corporation Certificates of Participation due in annual installments of \$1,115,000 to \$2,250,000 through July 1, 1997; interest at 6.7 percent to 6.9 percent. Original issue amount, \$41,205,000.	3,365,000
1992 Refunding Series Municipal Property Corporation Certificates of Participation due in semi-annual installments of \$55,000 to \$1,865,000 through November 1, 2014; interest at 4.75 percent to 6.375 percent. Original issue amount, \$47,095,000.	42,955,000
1993 Municipal Property Corporation Refunding Bonds due in annual installments of \$495,000 to \$4,170,000 through July 1, 2005; interest at 4.0 percent to 5.375 percent. Original issue amount, \$29,475,000.	29,100,000
1994 Municipal Property Corporation Refunding Bonds due in annual installments of \$745,000 to \$1,080,000 through July 1, 2004; interest at 4.0 percent to 5.15 percent. Original issue amount, \$9,295,000	8,075,000
1995 Municipal Property Corporation Taxable Excise Tax Revenue Bonds (issued June 1, 1995) due in annual installments of \$65,000 to \$285,000 beginning July 1, 1996 through July 1, 2015; interest at 7.7 percent to 9.0 percent.	2,950,000
	<u>\$90,965,000</u>

**Water and Sewer Revenue Bonds**

Water and sewer revenue bonds are issued as authorized by the voters for the construction, acquisition, furnishing and equipping of water and sewer facilities and related systems. At June 30, 1995, the City had \$73,340,000 authorized but unissued water and sewer revenue bonds. These revenue bonds are collateralized by revenue in excess of operating and maintenance expenses of the City's water and sewer utility system, and are repaid via user charges or fees for service. Property taxes cannot be used to pay the debt service on these bonds.

Water and sewer revenue bond agreements require that the City accumulate reserves to cover the maximum annual debt service payment on the bonds and for water and sewer system replacement. The City has continued to meet all necessary reserve requirements. At June 30, 1995, the funds reserved for these purposes were \$11,568,436.

1989 Water and Sewer Revenue Serial Bonds (Series A issued 1990) due in annual installments of \$280,000 to \$680,000 through July 1, 2009; interest at 6.0 percent to 8.5 percent. Original issue amount, \$7,500,000.	\$6,320,000
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**NOTE 6 - LONG-TERM DEBT (continued)****Water and Sewer Revenue Bonds (continued)**

1992 Water and Sewer Refunding Serial Bonds due in annual installments of \$865,000 to \$1,595,000 through July 1, 2000; interest at 5.0 percent to 5.7 percent. Original issue amount, \$8,505,000. \$6,770,000

1989 Water and Sewer Revenue Serial Bonds (Series B issued 1992) due in annual installments of \$155,000 to \$410,000 through July 1, 2012; interest at 5.0 percent to 7.5 percent. 4,450,000

1989 Water and Sewer Revenue Bonds (Series C issued November 1, 1994) due in annual installments of \$135,000 to \$425,000 through July 1, 2014; interest at 5.75 percent to 8.25 percent. Original issue amount, \$5,000,000. 4,875,000

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**\$22,415,000**

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**Special Assessment Bonds**

Special assessment bonds are issued by the City on behalf of improvement districts created by property owners for a specific purpose, such as to finance local street, water or sewer improvements, or to acquire an existing water or sewer operation. Property owners in the designated districts agree to be assessed for the principal and interest costs of repaying the bonds. As trustee for improvement districts, the City is responsible for collecting the assessments levied against the owners of property within the improvement districts and for disbursing these amounts to retire the bonds issued to finance the improvements. The receivables, revenues, and debt service expenses related to these bonds are recorded in the Special Assessments Debt Service Fund. At June 30, 1995, special assessments receivable, together with amounts paid in advance and interest to be received over the life of the assessment period, were adequate for the scheduled maturities of the bonds payable and the related interest.

These bonds are secured by a lien on the property and improvements of all parcels within each district. In the event of default by the property owner, the City may enforce auction sale to satisfy the debt service requirements of the improvement bonds. The City is contingently liable on special assessment bonds to the extent that proceeds from auction sales are insufficient to retire outstanding bonds.

The City Council's adopted policy is that special assessment improvement debt is permitted only when the ratio of the full cash value of the property (prior to improvements being installed) when compared to debt is a minimum of 3 to 1 prior to issuance of debt, and 5 to 1 or higher after construction of improvements. In addition, cumulative improvement district debt is not permitted to exceed 5 percent of the City's secondary assessed valuation.

At June 30, 1995, there were 17 separate series of special assessment improvement bonds outstanding, each series issued as serial bonds to be repaid over 10 years.

Special Assessment Bonds issued July 1, 1985, through September 1, 1994, maturing January 1, 1996, through January 1, 2005; due in annual installments of \$70,000 to \$1,740,000; interest at 4.9 percent to 8.125 percent. \$40,860,909

**Community Facilities Districts General Obligation Bonds**

Community Facilities District General Obligation Bonds are issued by community facilities districts (CFDs), which are special purpose districts created specifically to acquire and improve public infrastructure in specified land areas. At June 30, 1995, the Scottsdale Mountain Community Facilities District and McDowell Mountain Ranch Community Facilities District had, respectively, \$1,550,000 and \$8,050,000 of authorized but unissued general obligation bonds. CFD bonds are repaid by ad valorem taxes levied directly by the districts and collected by the County. Property owners in the districts are assessed for District taxes and thus for all costs associated with the Districts. The City has no liability for community facilities district bonds.

**NOTE 6 - LONG-TERM DEBT (continued)**

**Community Facilities Districts General Obligation Bonds (continued)**

CFDs are created only by petition to the City Council by property owners within the district areas. As board of directors for the districts, the City Council has adopted a formal policy that CFD debt will be permitted only when the ratio of the full cash value of the district property (prior to improvements being installed), when compared to proposed district debt, is a minimum of 3 to 1 prior to issuance of debt and 5 to 1 or higher after construction of improvements. These ratios are verified by an appraisal paid for by the district and administered by the City. In addition, cumulative debt of all CFDs cannot exceed 5 percent of the City's secondary assessed valuation.

1993 A Scottsdale Mountain Community Facilities District General Obligation Bonds due in annual installments of \$90,000 to \$255,000 beginning July 1, 1999 through July 1, 2017; interest at 5.25 percent to 6.20 percent.	\$3,000,000
1993 B Scottsdale Mountain Community Facilities District General Obligation Bonds due in annual installments of \$10,000 to \$45,000 beginning July 1, 1999 through July 1, 2017; interest at 7.5 percent to 9.5 percent.	525,000
1994 McDowell Mountain Ranch Community Facilities District General Obligation Bonds due in annual installments of \$305,000 to \$660,000 beginning July 15, 2000 through July 15, 2019; interest at 7.5 percent to 8.25 percent.	9,105,000
1994A McDowell Mountain Ranch Community Facilities District General Obligation bonds due in annual installments of \$195,000 to \$395,000 beginning July 15, 2010 through July 15, 2019; interest at 8.0 percent to 8.25 percent.	2,845,000
1995 Scottsdale Mountain Community Facilities District General Obligation Bonds due in annual installments of \$45,000 to \$175,000 beginning July 1, 2000 through July 1, 2019; interest at 7.0 percent to 7.625 percent.	1,925,000
	<u>\$17,400,000</u>

**Statutory Debt Limitation**

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, parks, and open space purposes may not exceed 20 percent of a city's net secondary assessed valuation. Outstanding general obligation bonded debt for all other purposes may not exceed 6 percent of a city's net secondary assessed valuation. General obligation bonds of community facilities districts are not subject to or included in this calculation. The following is a summary of the City of Scottsdale's legal general obligation bonded debt borrowing capacity at June 30, 1995:

<u>Water, Sewer, Light, Parks and Open Space Purposes Bonds</u>		<u>All Other General Obligation Bonds</u>	
20% Constitutional Limit	\$279,825,236	6% Constitutional Limit	\$83,947,571
Less General Obligation 20% Bonds Outstanding	<u>(91,865,400)</u>	Less General Obligation 6% Bonds Outstanding	<u>(61,549,600)</u>
Available 20% Limitation Borrowing Capacity	<u>\$187,959,836</u>	Available 6% Limitation Borrowing Capacity	<u>\$22,397,971</u>

**NOTE 6 - LONG-TERM DEBT (continued)**

**Contracts Payable**

The City of Scottsdale has entered into various purchase contracts related to economic development and for the acquisition of water system facilities. Contracts for the acquisition of water system facilities and improvements are payable only from the operating revenue of the water and sewer utility system. Contracts payable at June 30, 1995, were as shown below.

**Payable out of the General Fund**

Contract payable for the construction of the East Couplet; due in annual installments through November, 1997; non-interest bearing.	\$315,000
Contract payable to the U.S. Army Corps of Engineers for the construction of flood control and recreation facilities; due in annual installments through 2032; interest at 5.1 percent.	3,703,152
Contract payable for the construction of the West Couplet; due in annual installments through January, 2002; non-interest bearing.	2,753,576
Contract payable for the construction of public infrastructure relating to the development of the Scottsdale Towne Center, based on 25 percent of the 1 percent General Fund sales tax collected by the Center; due in quarterly installments beginning in December 1995 through 2000; non-interest bearing.	329,000
Contract payable for the construction of public infrastructure relating to the development of the Scottsdale Fiesta Shopping Center, based on 50 percent of the 1 percent General Fund sales tax collected by the Center; due in annual installments beginning in May 1996 through 2004; non-interest bearing.	<u>2,700,000</u>
<b>Total Long-Term Contracts Payable from General Fund</b>	<b>\$9,800,728</b>

**Payable out of the Water and Sewer Utility Fund**

Purchase contract, Plan Six Agreement, to acquire a new water supply and hydropower generation benefits; due in quarterly installments through April 1996; non-interest bearing.	\$64,341
Contract for the purchase of Carefree Ranch Water Company water system assets; due in adjustable annual installments of \$192,114 to \$441,857 through March 1, 2002; non-interest bearing.	2,223,398
<b>Subtotal</b>	<u>Ⓟ \$12,088,467</u>
<b>Less Current Portion</b>	<u>Ⓟ (256,455)</u>
<b>Total Long-Term Contracts Payable, All Funds</b>	<u><u>\$11,832,013</u></u>



**NOTE 6 - LONG-TERM DEBT (continued)**

The following is a summary of debt service requirements to maturity for all long-term contracts payable, net of the current portion.

<b>Total Requirements to Maturity All Contracts Payable</b>	
<b>Fiscal Year Ending</b>	<b>Total</b>
1996	\$1,658,421
1997	1,732,503
1998	1,582,185
1999	828,939
2000	912,136
2001-2032	9,611,303
Total all years	16,325,487
Less amount representing interest	(4,237,020)
Net Amount Outstanding	① \$12,088,467

**Changes in General Long-Term Debt**

The following changes occurred in the General Long-Term Debt Account Group for the year ended June 30, 1995. General long-term debt excludes all general obligation bonds and contracts recorded in and paid out of the Water and Sewer Utility Fund.

Compensated absences consist of accumulated vacation hours and sick leave retirement benefits for which the City is obligated to pay at employees' termination or retirement as described in Note 1, part M.

	<b>General Obligation Bonds</b>	<b>HURF Revenue Bonds</b>	<b>Municipal Property Corp Bonds</b>	<b>Special Assessment Bonds</b>	<b>Contracts Payable</b>	<b>Compensated Absences</b>	<b>Total</b>
Balance July 1, 1994	\$114,490,000	\$28,870,000	\$93,000,000	\$36,612,000	\$7,449,840	\$4,313,403	\$284,735,243
New Debt Issued	16,000,000	-	2,950,000	12,500,000	3,029,000	-	34,479,000
Community Facilities District Debt Issued	13,875,000	-	-	-	-	-	13,875,000
Debt Retired During Year	-	-	(1,285,000)	(7,731,091)	(678,112)	-	(9,694,203)
Increase in Compensated Absences Liability	-	-	-	-	-	931,565	931,565
Debt to be Retired July 1, 1995	(5,050,000)	(1,615,000)	(3,700,000)	(520,000)	-	-	(10,885,000)
Balance June 30, 1995	\$139,315,000	\$27,255,000	\$90,965,000	\$40,860,909	\$9,800,728	\$5,244,968	\$313,441,605

**NOTE 6 - LONG-TERM DEBT (continued)****Changes in Water and Sewer Utility Fund Long-Term Bonds**

The following table summarizes all changes in long-term bonds recorded in and paid out of the Water and Sewer Utility Fund during the year ended June 30, 1995. Outstanding general obligation bonds in this fund at June 30, 1995, net of the amount to be paid July 1, 1995, consisted of \$2,350,000 1986 Water System Acquisition and Improvement Bonds, \$27,835,000 1993 Refunding Bonds, and \$1,315,000 1993A Refunding Bonds.

	General Obligation Bonds	Water and Sewer Revenue Bonds	Total
Balance at July 1, 1994	\$33,275,000	\$19,250,000	\$52,525,000
New Debt Issued	-	5,000,000	5,000,000
Debt to be Retired July 1, 1995	(1,775,000)	(1,835,000)	(3,610,000)
Balance at June 30, 1995	\$31,500,000	\$22,415,000	\$53,915,000

**Debt Service Requirements to Maturity**

The following is a summary of debt service requirements to maturity for all bonds payable as of June 30, 1995. Amounts include both general long-term debt and debt paid out of the Water and Sewer Utility Fund.

Fiscal Year Ending	General Obligation Bonds	HURF Revenue Bonds	Municipal Property Corp Bonds	Special Assessment Bonds	Water and Sewer Revenue Bonds	Community Facilities District Bonds	Total
1996	\$15,548,028	\$3,107,270	\$10,337,726	\$7,462,200	\$3,327,249	\$1,316,351	\$41,098,824
1997	15,365,268	3,103,210	10,447,823	7,065,368	3,322,436	1,316,351	40,620,456
1998	15,147,378	3,098,538	10,459,945	6,261,547	3,323,541	1,316,350	39,607,299
1999	15,608,470	3,103,488	10,458,676	5,758,623	3,314,721	1,416,352	39,660,330
2000	16,445,998	3,101,913	10,463,745	5,463,108	2,482,961	1,770,677	39,728,402
2001-2019	169,290,203	21,836,755	84,661,658	19,354,173	17,606,236	31,869,057	344,618,082
	247,405,345	37,351,174	136,829,573	51,365,019	33,377,144	39,005,138	545,333,393
Less amount representing interest	(93,990,345)	(10,096,174)	(45,864,573)	(10,504,110)	(10,962,144)	(21,605,138)	(193,022,484)
Net amount Outstanding	\$153,415,000	\$27,255,000	\$90,965,000	\$40,860,909	\$22,415,000	\$17,400,000	\$352,310,909

**Advance Refundings**

In prior years, the City refinanced other bond issues through the issuance of refunding bonds. The proceeds from the refunding bonds have been deposited in irrevocable trusts at commercial banks and invested in U.S. Government securities which, together with interest earned thereon, will provide amounts sufficient for future redemption or payment of principal and interest of the issues refunded.

The assets, liabilities, and financial transactions of these trust accounts and the liability for refunded (defeased) bonds are not reflected in the financial statements of the City. Refunded debt outstanding at June 30, 1995, net of any amounts paid or retired by the trustee on July 1, 1995, was as follows:

Refunded in Prior Years	
1986 General Obligation - Water System Acquisition	\$30,390,000
1989 General Obligation Series A (1990)	7,885,000
1989 General Obligation Series B (1991)	10,720,000
1991 General Obligation Refunding	4,345,000
1987 MPC Refunding	25,375,000
1986 MPC Certificates of Participation	41,725,000
	<u>\$120,440,000</u>

**NOTE 7 - RETIREMENT AND PENSION PLANS**

All full-time employees of the City, the Mayor, and City Council are covered by one of three pension plans. All full-time City employees, except public safety personnel, participate in the Arizona State Retirement System, a multiple-employer cost sharing pension plan. All public safety personnel participate in the Public Safety Personnel Retirement System, which is an agent multiple-employer pension plan. The Mayor and Council participate in the Elected Officials' Retirement Plan, a multiple-employer cost sharing pension plan. All three pension plans are administered by the State of Arizona.

**ARIZONA STATE RETIREMENT SYSTEM****Plan Description**

All the City's full-time employees participate in the Arizona State Retirement System (System), a multiple-employer cost sharing pension plan. The payroll for employees covered by this plan for the year ended June 30, 1995, was \$41,588,264; the City's total payroll was \$54,727,827.

The System was established by the State of Arizona to provide pension benefits for employees of the state and employees of participating political subdivisions and school districts. The System is administered in accordance with Title 38, Chapter 5, of the Arizona Revised Statutes.

At June 30, 1994 and 1993, (the latest information available), the number of participating local government employer groups was:

<b>Employer Units</b>	<b>1994</b>	<b>1993</b>
School Districts	216	215
Cities and Towns	58	56
Counties	14	14
Special Districts	20	16
Community College Districts	10	10
State Government	1	1
<b>Total</b>	<b>319</b>	<b>312</b>

After first obtaining federal Social Security coverage for its employees, a governmental employer in the state of Arizona may then elect to cover its employees under the System. Once retirement coverage is obtained, all employees who qualify as participants, with the exception of those eligible for other state retirement programs, are required to become contributing members of the System.

At June 30, 1994, and 1993, the statewide System membership consisted of:

<b>Employee Members</b>	<b>1994</b>	<b>1993</b>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	64,904	64,249
Current Employees		
Vested	82,099	79,236
Non-Vested	72,802	65,241
<b>Total</b>	<b>219,805</b>	<b>208,726</b>

**NOTE 7 - RETIREMENT AND PENSION PLANS (continued)****ARIZONA STATE RETIREMENT SYSTEM (continued)**

The System provides for retirement, disability, health insurance premium benefits, and death and survivor benefits. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit. Members are eligible for full retirement benefits on the first day following a) the attainment of age 65; b) the attainment of age 62 and ten years of total credited service; or c) the date when age plus total credited service equals 80. The benefit is based on 2 percent of average monthly compensation multiplied by the years of service credit. Average monthly compensation is defined as the period of 36 consecutive months during which a participant receives the highest compensation within the last 120 months of service during which the employee made retirement contributions as required by law. The compensation does not include lump sum payments on termination of employment for accumulated vacation or annual leave, sick leave, compensatory time, or any other form of termination pay. Members who began participation in the System prior to January 1, 1984, may choose to have average monthly compensation determined upon the period of 60 consecutive months during which the member receives the highest compensation within the last 120 months of service, including lump sum payments as described above. Persons who have reached age 50 with at least five years of total credited service may take an early retirement which entitles them to a reduced retirement benefit.

Members of the System are eligible for a disability benefit in the event they become unable to perform their work. A participant continues to earn credit of up to a total of 25 years of service credit during the period of disability.

Retired and disabled members of the System with ten years of credited service who receive health insurance from their previous employer or from the System's retiree group health insurance program are eligible for a health insurance premium benefit. Members who have at least five years of credited service, but less than ten years of service, are eligible for a proportional payment.

Upon termination of employment, a member may withdraw contributions made to the System, plus accrued interest. The acceptance of a refund forfeits the individual's rights and benefits in the System.

**Related Party Investments**

The System had no related party investments.

**Funding Status and Progress**

The amount shown in the following table as pension benefit obligation (PBO) is a standardized disclosure measure of the present value of pension benefits, adjusted for the effect of projected salary increases and any step-rate benefits estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among such plans. The measure is independent of the actuarial funding method used to determine contributions to the System, as discussed below.

The pension benefit obligation was determined as part of an actuarial valuation at June 30, 1994, and 1993. Significant actuarial assumptions used include: a) a rate of return on investment of present and future assets of 8 percent per year, compounded annually; b) projected salary increases of 5.5 percent, compounded annually, attributable to cost-of-living and salary merit increases ranging from .5 percent to 3.0 percent; and c) no post-retirement benefit increases.

**NOTE 7 - RETIREMENT AND PENSION PLANS (continued)****ARIZONA STATE RETIREMENT SYSTEM (continued)**

For the fiscal year 1993/94, there were no changes in the actuarial funding or the actuarial assumptions and methods. No material change occurred in the benefit provision. Legislation during fiscal year 1993/94 resulted in an increase in the pension benefit obligation due to System amendments passed in fiscal year 1992/93 of \$24,193,247. The cost-of-living-adjustment to be made to eligible members is effective after June 30, 1994. As a result, it will not be reflected in the pension benefit obligation as of June 30, 1994.

The System does not prepare separate measurements of assets and pension benefit obligations for individual employers. At June 30, 1994, and 1993, (the latest information available), the assets in excess of the pension benefit obligation for the System as a whole were as follows:

	June 30	
	1994	1993
<b>Pension Benefit Obligation</b>		
Retirees and beneficiaries currently receiving benefits	\$3,877,358,054	\$3,697,034,133
Disabled members receiving benefits	133,976,200	109,359,800
Terminated employees not yet receiving benefits	152,219,919	166,178,451
<b>Current Employees</b>		
Accumulated employee contributions, including allocated investment income	2,059,300,651	1,884,685,445
Employer financed - vested	2,692,094,088	2,320,141,000
Employer financed - non-vested	714,908,641	791,846,090
<b>Total Pension Benefit Obligation</b>	<b>9,629,857,553</b>	<b>8,969,244,919</b>
Net assets available for benefits, at cost (market value \$10,768,681,593 and \$10,797,270,068, respectively)	9,976,755,364	9,240,873,898
<b>Assets in Excess of Pension Benefit Obligation</b>	<b>\$346,897,811</b>	<b>\$271,628,979</b>

**Contributions Required and Contributions Made**

The Arizona Revised Statutes provide statutory authority for determining the employees' and employers' contribution amounts as a percentage of covered payroll. Employers are required to contribute at the same rate as employees. Although the statutes prescribe the basis of making the actuarial calculation, the Arizona legislature is able to change the contribution rate from that actuarially determined. The actuarial computation is made two years in advance based on the June 30 information (the rate for 1994 as based on June 30, 1992, information). The contribution rates were actuarially determined using the Projected Unit Credit funding method. The contribution rate consists of a factor to cover normal costs using the same actuarial assumptions used to compute the pension benefit obligation, and a factor to amortize the overfunded past service liability based on the criteria of the Arizona Revised Statutes, not to exceed an amortization period of 45 years. The current amortization period is 10 years.

Covered employees were required by state statute and actuarial computations to contribute 3.75 percent of their salary to the System during the year ended June 30, 1995, and the City was required to match it. Total contributions made by the City and its covered employees were \$3,119,118; \$1,559,559, or 3.75 percent of covered payroll for both the employer's and employees' portion. The amount of the City's contribution attributable to normal cost and to amortization of the past service liability, and as a proportion of the total amount contributed by all System employers in 1995, is unavailable.

**NOTE 7 - RETIREMENT AND PENSION PLANS (continued)****ARIZONA STATE RETIREMENT SYSTEM (continued)**

During the year ended June 30, 1994, contributions for the System as a whole totaled \$325,021,634 (\$162,510,817 for both employers and employees), in accordance with actuarial requirements. Contributions consisted of \$412,833,102 for normal cost, and (\$87,811,468) for amortization of the overfunded past service liability. The City's and covered employees' contributions of \$2,402,628 in 1994, in accordance with actuarial requirements, represented less than one percent of the total amount contributed by all System employers in 1994.

**Trend Information**

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Available trend information for eight years for the System as a whole is provided below (all dollars in millions).

Fiscal Year	(1) Net Assets Available For Benefits	(2) Pension Benefit Obligation (PBO)	(3) Percent Funded (1) / (2)	(4) Assets In Excess of PBO (1) - (2)	(5) Annual Covered Payroll	(6) Assets In Excess of PBO As A Percentage of Covered Payroll (4) / (5)
1987	\$5,497.3	\$4,990.6	110.2%	506.7%	\$2,477.7	20.5%
1988	5,989.8	5,392.7	110.5	567.5	2,817.7	21.2
1989	6,652.7	6,016.9	110.6	635.8	2,993.6	21.2
1990	7,287.9	6,639.7	109.8	648.2	3,211.7	20.2
1991	7,819.8	7,090.1	110.3	729.7	3,453.0	21.1
1992	8,458.9	8,079.8	104.7	379.1	3,616.0	10.5
1993	9,240.9	8,969.3	103.0	271.6	3,748.2	7.3
1994	9,976.8	9,629.9	103.6	346.9	4,125.8	8.4

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the System's funded status on a going-concern basis. Analysis of this percentage over time indicates whether the System is becoming financially stronger or weaker. Generally, the greater the percentage, the stronger the retirement plan. The assets in excess of pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the assets in excess of pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress being made in maintaining sufficient assets to pay benefits when due. Generally, the larger this percentage, the stronger the plan.

Governmental Accounting Standards Board *Statement No. 5* requires a ten year historical trend presentation of the analysis of the funding progress for years beginning after December 15, 1986. The system has this information available beginning fiscal year ended June 30, 1987, as presented above, providing an eight year comparison.

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM****Plan Description**

All of the City's public safety personnel (police officers) participate in the Public Safety Personnel Retirement System (PSPRS), an agent multiple-employer pension plan. The payroll for employees covered by this plan for the year ended June 30, 1995, was \$11,172,726; the City's total payroll was \$54,727,827.

**NOTE 7 - RETIREMENT AND PENSION PLANS (continued)****PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM (continued)**

PSPRS was established by Title 38, Chapter 5, Article 4 of the Arizona Revised Statutes to provide pension benefits for public safety employees of certain state and local governments. The PSPRS is jointly administered by the fund manager and 137 local boards.

At June 30, 1994, and 1993, (the latest information available), the number of participating local government employer groups was:

<b>Employer Units</b>	<b>1994</b>	<b>1993</b>
Cities and Towns	105	103
Counties	18	15
State Agencies	7	7
Special Districts	22	20
<b>Total</b>	<b>152</b>	<b>145</b>

Any state or local government in the State of Arizona may elect to have its paid, full-time eligible employees (generally, fire fighters and police officers) covered by the PSPRS. At June 30, 1994, and 1993, statewide PSPRS membership consisted of:

<b>Employee Members</b>	<b>1994</b>	<b>1993</b>
Retirees and beneficiaries currently receiving benefits	3,739	3,634
Current Employees		
Vested	5,220	5,007
Non-Vested	6,083	5,865
<b>Total</b>	<b>15,042</b>	<b>14,506</b>

PSPRS provides retirement benefits, as well as death and disability benefits. A member of the PSPRS does not have vested rights to benefits until the member files an application for benefits and is found to be eligible for those benefits. An eligible claimant's rights to benefits vest on the date of the application for those benefits, or the last day of employment under the plan, whichever occurs first. Public safety personnel retiring after completion of 20 years of service, or at age 62 and after completion of 15 years of service, are eligible for benefits.

The amount of monthly normal pension is based on credited service and average monthly compensation as follows:

For retirement with 20 years of credited service, but less than 25 years of credited service, 50 percent of average monthly compensation plus 2 percent of average monthly compensation for each year of credited service between 20 and 25.

For retirement with 20 years of service, but less than 20 years of credited service, the pension is reduced by a rate of 4 percent per year for each year of credited service under 20 years.

For retirement with 25 or more years of credited service, 50 percent of average monthly compensation plus 2.5 percent of average monthly compensation for each year of credited service above 20 years, up to a maximum of 80 percent of average monthly compensation.

The PSPRS also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

**NOTE 7 - RETIREMENT AND PENSION PLANS (continued)****Related Party Investments**

The PSPRS had no related party investments.

**Funding Status and Progress**

The amount shown below as the pension benefit obligation (PBO) is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to a) help users assess the PSPRS' funding status on a going-concern basis; b) assess progress being made in accumulating sufficient assets to pay benefits when due; and c) allow for comparisons among public employee retirement plans. The measure is independent of the actuarial funding method used to determine contributions to the PSPRS, as discussed below.

The pension benefit obligation was determined as part of an actuarial valuation of the plan as of June 30, 1994, and 1993. Significant actuarial assumptions used in determining the pension benefit obligation include a) a rate of return on the investment of present and future assets of 9.0 percent per year, compounded annually; b) projected salary increases of 6.5 percent per year, compounded annually, attributable to inflation; and c) additional projected salary increases ranging from 0.0 percent to 3.0 percent per year, depending on age, attributable to seniority/merit.

At June 30, 1994, and 1993, (the latest information available) the assets in excess of the City's pension benefit obligation for the PSPRS were as follows:

	June 30	
	1994	1993
<b>Pension Benefit Obligation</b>		
Retirees and beneficiaries currently receiving benefits	\$11,488,008	\$9,096,492
Terminated employees not yet receiving benefits	None	None
<b>Current Employees</b>		
Accumulated employee contributions including allocated investment income	5,645,197	5,256,053
Employer financed - vested	11,057,548	10,513,117
Employer financed - non-vested	2,745,637	2,702,224
Health Insurance	740,628	501,743
<b>Total Pension Benefit Obligation</b>	<b>31,677,018</b>	<b>28,069,629</b>
Net assets available for benefits, at cost (market value \$35,186,114 and \$34,867,231, respectively)	33,784,724	30,051,481
<b>Assets In Excess of Pension Benefit Obligation</b>	<b>\$2,107,706</b>	<b>\$1,981,852</b>

During the year ended June 30, 1994, the City experienced a net change of \$3,607,389 in its pension benefit obligation. Of that change, \$201,324 was attributable to cost-of-living adjustments for retired members.



**NOTE 7 - RETIREMENT AND PENSION PLANS (continued)****Contributions Required and Contributions Made**

The PSPRS' funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over a period of 40 years (from July 1, 1978). Twenty-three years remain from July 1, 1995.

City contributions during the year ended June 30, 1995 totaled \$1,919,474 (\$1,064,760 employer and \$854,714 employee). Employer contributions represented 9.53 percent, and employee contributions 7.65 percent of covered payroll. The amount of the City's contribution attributable to normal cost and to amortization of the unfunded actuarial accrued liability is unavailable.

During the year ended June 30, 1994, City contributions totaling \$1,820,362 (\$1,027,773 employer and \$797,589 employee) were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of June 30, 1992. Employer contributions represented 9.92 percent, and employee contributions represented 7.65 percent of covered payroll. The employer contributions consisted of \$966,645 for normal cost and \$61,128 for amortization of the unfunded actuarial accrued liability. The employee contributions were allocated to normal cost. The City's and covered employees' contributions of \$1,820,362 in 1994, in accordance with actuarial requirements, represented 2.4 percent of the total amount contributed by all PSPRS employer members in 1994.

Significant actuarial assumptions used to compute contribution requirements were the same as those used to compute the standardized measure of the pension benefit obligation.

**Trend Information**

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Available trend information for the City's PSPRS pension benefit obligation for eight years, made in accordance with actuarial requirements, is provided in the following table (all dollars in thousands).

Fiscal Year	(1) Net Assets Available For Benefits	(2) Pension Benefit Obligation (PBO)	(3) Percent Funded (1) / (2)	(4) Assets In Excess of PBO (1) - (2)	(5) Annual Covered Payroll	(6) Assets In Excess of PBO As A Percentage of Covered Payroll (4) / (5)
1987*	\$14,010.7	\$12,828.2	109.2%	\$1,182.5	\$5,826.3	20.3%
1988	16,112.9	15,307.2	105.3	805.7	6,525.3	12.4
1989**	18,267.5	17,498.5	104.4	769.0	6,614.7	11.6
1990*	20,747.0	19,995.3	103.8	751.7	7,639.7	9.8
1991*	23,363.4	22,432.6	104.2	930.8	8,209.2	11.3
1992	26,496.0	25,253.5	104.9	1,242.5	8,940.3	13.9
1993	30,051.5	28,069.6	107.1	1,981.9	9,780.9	20.3
1994	33,784.7	31,677.0	106.7	2,107.7	10,165.0	20.7

\* Change in benefit provisions.

\*\* Change in assumptions.

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the PSPRS'

**NOTE 7 - RETIREMENT AND PENSION PLANS (continued)****Trend Information (continued)**

funded status on a going-concern basis. Analysis of this percentage over time indicates whether the PSPRS is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the retirement plan. The assets in excess of pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the assets in excess of pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress being made in maintaining sufficient assets to pay benefits when due. Generally, the larger this percentage, stronger the plan.

Governmental Accounting Standards Board *Statement No. 5* requires a ten year historical trend presentation of the analysis of the funding progress for years beginning after December 15, 1986. PSPRS has this information available beginning fiscal year ended June 30, 1987, as presented above, providing an eight year comparison.

**ELECTED OFFICIALS' RETIREMENT PLAN****Plan Description**

The City's Mayor and Council participate in the Elected Officials' Retirement Plan (EORP), a multiple-employer cost sharing pension plan. The payroll for employees covered by this plan for the year ended June 30, 1995, was \$116,402; the City's total payroll was \$54,727,827.

The EORP was established and is administered by the State of Arizona to provide pension benefits for state and county elected officials, judges, and certain City-elected officials. The fund manager of the PSPRS is also the administrator for the EORP.

At June 30, 1994, and 1993, (the latest information available), the number of participating local government employer groups was:

<b>Employer Units</b>	<b>1994</b>	<b>1993</b>
Cities and Towns	15	14
Counties	15	15
State Agencies	1	1
<b>Total</b>	<b>31</b>	<b>30</b>

All state and county elected officials and judges are members of the EORP except LaPaz County elected officials. Any city in the state of Arizona may elect to have its elected officials covered by the EORP. At June 30, 1994, and 1993, statewide EORP membership consisted of:

<b>Employee Members</b>	<b>1994</b>	<b>1993</b>
Retirees and beneficiaries		
currently receiving benefits	433	421
Terminated vested employees	59	39
Current Employees		
Vested	401	357
Non-Vested	309	356
<b>Total</b>	<b>1,202</b>	<b>1,173</b>

**NOTE 7 - RETIREMENT AND PENSION PLANS (continued)****ELECTED OFFICIALS' RETIREMENT PLAN (continued)**

EORP provides retirement benefits, as well as death and disability benefits. Generally, all benefits vest after five years of credited service. A summary of benefits and plan provisions follows.

An elected official may receive normal retirement pension upon meeting one of the following age and service requirements: a) 60 years of age, with 25 or more years of credited service; b) 62 years of age, with ten or more years of credited service; or c) 65 years of age, with five or more years of credited service. The amount of a normal retirement pension is 4 percent of the member's final annual salary multiplied by the years of the member's credited service. Maximum is 80 percent of a member's final annual salary.

An elected official who is at least age 50 and has ten or more years of credited service may retire before meeting an age and service requirement for normal retirement. The amount of an early retirement pension is computed by determining the amount of accrued normal retirement pension and then reducing the amount determined by 3/12 of 1 percent for each month early retirement precedes the member's normal retirement age as noted above.

An elected official with five or more years of credited service retains entitlement to a deferred pension upon ceasing to be an elected official if the official's accumulated contributions are left on deposit in the EORP. The amount of pension is determined in the same manner as a normal or early pension, whichever is applicable.

**Related Party Investments**

The EORP had no related party investments.

**Funding Status and Progress**

Covered employees are required by state statute to contribute an amount equal to 7 percent of gross salary. Incorporated city or town employers are required to contribute an amount sufficient to meet both the normal cost of a level-cost method attributable to the EORP, plus the amount required to amortize the unfunded accrued liability for the employer. Such amount is to be determined each year by actuarial valuation and paid as a level percent of compensation.

The amount shown in the following table as the pension benefit obligation (PBO) is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to: a) help users assess the EORP's funding status on a going-concern basis; b) assess progress being made in accumulating sufficient assets to pay benefits when due; and c) allow for comparisons among public employee retirement plans. The measure is independent of the actuarial funding method used to determine contributions to the EORP, as discussed below.

The pension benefit obligation was determined as part of an actuarial valuation of the plan as of June 30, 1993, and 1992. Significant actuarial assumptions used in determining the pension benefit obligation include: a) a rate of return on the investment of present and future assets of 9.0 percent per year, compounded annually; and b) projected salary increases of 7.0 percent per year, compounded annually, attributable to inflation and other across-the-board increases; and c) the assumption that benefits will not increase after retirement.

**NOTE 7 - RETIREMENT AND PENSION PLANS (continued)****ELECTED OFFICIALS' RETIREMENT PLAN (continued)**

The EORP does not prepare separate measurements of assets and pension benefit obligations for individual employers. At June 30, 1993, and 1992 (the latest information available), the assets in excess of the pension benefit obligation for the EORP as a whole were as follows:

	June 30	
	1993	1992
<b>Pension Benefit Obligation</b>		
Retirees and beneficiaries currently receiving benefits	\$61,991,513	\$47,775,043
Terminated employees not yet receiving benefits	637,469	667,399
<b>Current Employees</b>		
Accumulated employee contributions, including allocated investment income	12,416,372	12,163,749
Employer financed - vested	39,298,516	42,746,017
Employer financed - non-vested	4,215,505	3,090,658
Health Insurance	1,361,336	1,430,411
<b>Total Pension Benefit Obligation</b>	119,920,711	107,873,277
Net assets available for benefits	127,983,792	115,868,729
<b>Assets in Excess of Pension Benefit Obligation</b>	\$8,063,081	\$7,995,452

During the year ended June 30, 1993, the plan experienced a change of \$12,047,434 in the pension benefit obligation. Of that change, \$1,167,612 was attributable to cost-of-living adjustments for retired members and survivors.

During the year ended June 30, 1992, the EORP experienced a net change of \$5,232,780 in the pension benefit obligation. Of that change, \$610,536 was attributable to cost-of-living adjustments for retired members, and survivors. Health insurance benefits are being accounted for in the same manner as the other benefits the plan provides.

**Contributions Required and Contributions Made**

The EORP's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over a period of 35 years (from June 30, 1987). Twenty-seven years remain from June 30, 1995.

Scottsdale's contribution for the year ended June 30, 1995, was \$26,784, which consisted of \$8,148 from employees, and \$18,636 from the City, as actuarially determined. Employee contributions represent 7.0 percent, and employer contributions represent 16.01 percent of covered payroll. The amount of the City's contribution attributable to normal cost and to amortization of the unfunded actuarial accrued liability, and as a proportion of the total amount contributed by all EORP employer members in 1995, is unavailable.

During the year ended June 30, 1994, contributions for the EORP as a whole totaling \$7,740,159 (\$5,555,890 employer and \$2,184,269 employee) were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of June 30, 1992. The employer contributions consisted of \$5,598,573 for normal cost and (\$42,683) for amortization of the assets in

**NOTE 7 - RETIREMENT AND PENSION PLANS (continued)****ELECTED OFFICIALS' RETIREMENT PLAN (continued)**

excess of the actuarial accrued liability in aggregate. Employer contributions represented 15.62% of covered payroll (15.74% for normal costs and (.12%) for amortization of the assets in excess of the actuarial accrued liability). Member contributions represented 7% of covered payroll and are all attributable to normal costs. The City's and covered elected official's contributions for the year ended June 30, 1994, \$26,354, as actuarially determined, represented less than one percent of the total amount contributed by all EORP employers in 1994.

Significant actuarial assumptions used to compute contribution requirements were the same as those used to compute the standardized measure of the pension benefit obligation.

**Trend Information**

Trend information is an indication of the progress made in accumulating sufficient assets to pay benefits when due. Available trend information for seven years for the EORP as a whole is provided below (all dollars in thousands).

Fiscal Year	(1) Net Assets Available For Benefits	(2) Pension Benefit Obligation (PBO)	(3) Percent Funded (1) / (2)	(4) Assets In Excess (Unfunded) of PBO (1) - (2)	(5) Annual Covered Payroll	(6) Assets In Excess (Unfunded) of PBO As A Percentage of Covered Payroll (4) / (5)
1987*	\$65,818.2	\$63,116.2	104.3%	\$2,702.0	\$20,409.0	13.2%
1988	73,993.4	71,798.9	103.1	2,194.5	21,444.3	10.2
1989	84,258.5	84,716.9	99.5	(458.4)	24,604.7	(1.9)
1990	92,420.8	93,907.9	98.4	(1,487.2)	25,775.6	(5.8)
1991	103,569.9	102,640.5	100.9	929.4	27,837.8	3.3
1992	115,868.7	107,873.3	107.4	7,995.4	27,777.5	28.8
1993	127,983.7	119,920.7	106.7	8,063.0	29,708.4	27.1

\* Includes statutory amendment and assumption change.

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the EORP's funded status on a going-concern basis. Analysis of this percentage over time indicates whether the EORP is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the retirement plan. The assets in excess of pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the assets in excess of pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress being made in maintaining sufficient assets to pay benefits when due. Generally, the larger this percentage, the stronger the plan.

Governmental Accounting Standards Board *Statement No. 5* requires a ten year historical trend presentation of the analysis of the funding progress for years beginning after December 15, 1986. EORP has this information available beginning fiscal year ended June 30, 1987, as presented above, providing a seven year comparison.

**NOTE 8 - DEFERRED COMPENSATION PLAN (AGENCY FUND)**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is independently administered by the International City/County Management Association Retirement Corporation (ICMA). The plan, in which all City employees may participate, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights (until paid or made available to the employee or other beneficiary) are solely the property and rights of the City (without being restricted to the provisions of benefits under the plan), subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the City Attorney that the City has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

**NOTE 9 - CONTINGENT LIABILITIES**

The City is a party to several lawsuits incidental to its normal operations. Management, with concurrence of the City Attorney, and outside legal counsel, is of the opinion that settlement of these lawsuits will not have a material effect on the financial position of the City. Therefore, no specific provision has been reflected in the accompanying general purpose financial statements for these matters.

**NOTE 10 - SEGMENTS OF ENTERPRISE ACTIVITIES**

Water and sewer, airport, and sanitation are four major services provided by the City which are financed by user charges and are of such significance as to warrant disclosure as segments of enterprise activities. Segment information as of and for the year ended June 30, 1995, was as follows (in thousands of dollars):

	Water and Sewer Utility	Airport	Sanitation	Total
Operating Revenue	\$52,436	\$793	\$9,440	\$62,669
Depreciation and Amortization	7,974	510	41	8,525
Operating Transfers In	283	449	-	732
Operating Transfers (Out)	(541)	-	(95)	(636)
Operating Income (Loss)	12,724	(717)	200	12,207
Net Income (Loss)	15,306	(267)	180	15,219
Contributions				
Developers	16,328	-	-	16,328
Development Fees	14,934	-	-	14,934
Other Government Units	-	912	-	912
Others	182	-	-	182
Property, Plant, and Equipment				
Additions	29,192	1,184	3	30,379
Net Working Capital	40,324	527	1,049	41,900
Total Assets	388,709	13,579	2,124	404,412
Long-Term Debt (Net of Current				
Portion) and Other Liabilities:				
Payable From Operating				
Revenue	55,946	-	-	55,946
Payable From Other Sources	2,036	1	-	2,037
Total Equity	323,028	13,040	1,606	337,674

**NOTE 11 - CONTRIBUTED CAPITAL**

During the year ended June 30, 1995, Enterprise Funds' contributed capital increased by the following amounts (in thousands of dollars):

Source	Water and Sewer Utility	Airport	Sanitation	Total
Development Fees	\$14,934	-	-	\$14,934
Subdividers	16,329	-	-	16,329
Municipality - Capital Construction	182	-	-	182
Federal Government - Capital Construction	-	\$1,101	-	1,101
Less Depreciation	(3,554)	(510)	-	(4,064)
Total Change	27,891	591	-	28,482
Contributed Capital July 1, 1994	188,734	12,007	\$478	201,219
Contributed Capital June 30, 1995	\$216,625	\$12,598	\$478	\$229,701

The Internal Service Fund's contributed capital increased by \$103,930 as a result of Motor Pool assets contributed from other City funds.

**NOTE 12 - DEFICITS IN FUND BALANCE/FUND EQUITY**

The Section 8 Housing Fund had a deficit fund balance of \$89,457 caused by a deficit transferred from Maricopa County when the Section 8 program was transferred to City of Scottsdale. This deficit is currently being resolved between Maricopa County and the City of Scottsdale.

The Self-Insurance Fund had an accumulated deficit of \$3,152,095 caused by higher than anticipated insurance claims. The deficit will be eliminated in future years by property taxes levied for reimbursement of tort judgments.

**NOTE 13 - CAPITALIZED INTEREST**

During fiscal year 1995, the Water and Sewer Utility Fund capitalized net interest costs of \$1,387,128. Total interest earnings and expense in that fund before capitalization were \$4,539,783 and \$3,010,738 respectively.



<b>NOTE 14 - INTERFUND TRANSFERS AND ASSETS/LIABILITIES</b>
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Net operating transfers are reported in the following funds:

<b>Operating Transfers Out From:</b>		<b>Operating Transfers In To:</b>	
General Fund	\$7,781,706	• Internal Service Fund (Motor Pool)	\$417,000
		• Special Revenue Fund (HURF)	3,933,167
		• Special Revenue Fund (Accounted for as HURF maintenance of effort)	194,000
		• Enterprise Fund (Airport)	419,600
		• Capital Projects Fund (All Other Construction)	2,817,939
Capital Projects (General Obligation Bond Construction)	650,000	• Capital Projects (All Other Construction)	650,000
Enterprise (Water & Sewer Utility)	541,100	• Internal Service (Motor Pool)	287,000
		• Capital Projects (All Other Construction)	254,100
Capital Projects (All Other Construction)	312,833	• Enterprise (Water & Sewer Utility)	283,033
		• (Airport)	29,800
Capital Projects (Community Facilities Districts)	2,116,611	• Debt Service (Community Facilities Districts)	2,116,611
Debt Service (General Obligation Bond)	2,910,063	• Capital Projects (All Other Construction)	2,910,063
Enterprise (Sanitation)	95,000	• Internal Service (Motor Pool)	95,000
Expendable Trust	317,657	• Internal Service (Motor Pool)	40,000
		• Capital Projects (All Other Construction)	277,657
	<b>\$14,724,970</b>		<b>\$14,724,970</b>

**NOTE 14 - INTERFUND TRANSFERS AND ASSETS/LIABILITIES (continued)**

The following are the individual funds having amounts due from or due to other funds at June 30, 1995:

Due From/To Other Funds

Receivable Fund	Amount	Payable Fund	Amount
General	\$485,719	Section 8	\$89,457
		Grants	221,862
		Enterprise Airport	174,400
	<u>\$485,719</u>		<u>\$485,719</u>

**NOTE 15 - JOINT VENTURE**

The City participates with the cities of Phoenix, Glendale, Mesa, Tempe, and the Town of Youngtown in an intergovernmental agreement, the Subregional Operating Group, for the construction, operation, and maintenance of jointly used facilities including the 91st Avenue Wastewater Treatment Plant, the Salt River Outfall Sewer, the Southern Avenue Interceptor, and related transportation facilities. The City of Phoenix acts as lead agency and is responsible for the planning, budgeting, construction, operation, and maintenance of the facilities. In addition, the City of Phoenix provides all management, personnel, and financing arrangements and accepts federal grants on behalf of the participants.

Each city pays for its share of the costs of operation and maintenance of the facilities based on relative sewage flows and strengths. Although the cities participated in the construction of the facilities, each city's share of assets, liabilities, equity, and changes in equity cannot be determined. For the year ended June 30, 1994 (the latest information available), the City of Scottsdale's share of net operating expenses, recorded in the Water and Sewer Utility Fund, was \$2,345,817, or 9.2 percent of total expenses of the joint venture.

*Audited Statements of Net Operating Expenditures and Supplementary Information* for the jointly used wastewater treatment and transportation facilities may be obtained from the Arizona Municipal Water Users Association, 4041 N. Central Avenue, Suite 900, Phoenix, AZ 85012.

**NOTE 16 - RELATED ORGANIZATION**

The Industrial Development Authority (Authority) is a non-profit corporation established by the City in 1984 to promote industry and develop trade by inducing manufacturing, industrial and commercial enterprises to locate and remain in Scottsdale. The Board of Directors of the Authority is appointed by the City Council; however, the City's accountability for the authority does not extend beyond making the appointments.

**NOTE 17 - COMMITMENTS AND SUBSEQUENT EVENTS**

- A. In fiscal year 1983 the City entered into a ten-year agreement with Rural/Metro Corporation (Rural/Metro) whereby Rural/Metro will provide fire protection and related services to the City. In July, 1991, the City amended this agreement and extended the new agreement to June 30, 1996. Annual amounts due in fiscal year 1996 will approximate \$10,161,405. Payments to Rural/Metro amounted to \$8,434,827 for the year ended June 30, 1995.

**NOTE 17 - COMMITMENTS AND SUBSEQUENT EVENTS (continued)**

- A. Since 1987, the City has levied water resource development fees for the purpose of acquiring additional long-term water supplies for new developments. The Homebuilders Association (HBA) sued the City challenging the legal authority of the City to levy a water resource development fee. In July 1995 the HBA agreed to relinquish their claim to the water resource development fees while still retaining the right to continue the suit.
  
- B. The City has a Service Agreement with the Scottsdale Cultural Council (Council) that provides that the Council will manage the arts and cultural affairs within the Scottsdale community for a ten-year period, automatically renewable for two five-year periods. In return, the City will pay service fees to the Council based on the Service Agreement between the City and the Council. Annual amounts due in fiscal year 1996 will approximate \$2,017,277. Payments to Scottsdale Cultural Council amounted to \$1,958,521 for the year ended June 30, 1995.
  
- C. The City has an agreement for operating and maintenance services, and a separate service agreement with Scottsdale Water Service Company Limited Partnership (Partnership). Under these agreements, the Partnership's water treatment facility processes Central Arizona Project water to regulatory quality standards and furnishes this water to the City for distribution to City customers. The City reimburses the Partnership for all operating and debt service costs associated with the water treatment plant, and must maintain a \$300,000 equipment replacement and repair reserve. The amendment provides that the City will staff and operate the facility.

Total costs reimbursed to the Partnership in 1994/95 were \$2,792,790. The costs are expected to remain at approximately that level until termination of the agreement in 2008. At termination, the City will have the option to purchase the water treatment plant and other assets from the Partnership.



### GENERAL FUND

The General Fund accounts for the revenue and expenditures necessary to carry out basic governmental activities of the City, such as police protection, fire protection, recreation, planning, legal services, administrative services, etc. Appropriations are made from the fund annually. The fund will continue to exist indefinitely.

Revenue for this and other funds is recorded by source, i.e., taxes, licenses, service charges, etc. Expenditures are recorded first by character, then by program, and then by object of the expenditure.

General Fund expenditures are made primarily for current day-to-day operating expenses and operating equipment. Capital expenditures for large-scale public improvements, such as buildings, parks, or streets, are accounted for primarily in the Capital Projects, Special Revenue, or Enterprise Funds.

## GENERAL FUND

EXHIBIT B-1

## BALANCE SHEET

JUNE 30, 1995

ASSETS

Cash and Short-Term Investments	\$ 57,222,764
Investments	5,518,424
Receivables	
Accrued Interest	424,795
Privilege Tax	451,450
Hotel/Motel Tax	88,973
Property Tax	810,216
State Shared Sales Tax	865,380
Auto Lieu Tax	344,252
Miscellaneous	250,667
Due from Other Funds	485,719
Supplies Inventory	365,044
	<hr/>
Total Assets	\$ 66,827,684

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts Payable	\$ 441,095
Accrued Payroll	3,785,713
Deferred Property Tax	730,835
	<hr/>
Total Liabilities	4,957,643
Fund Balance	
Reserved for	
Encumbrances	2,043,313
Streetlight Districts	814,433
Unreserved	59,012,295
	<hr/>
Total Fund Balance	61,870,041
	<hr/>
Total Liabilities and Fund Balance	\$ 66,827,684

SEE NOTES TO FINANCIAL STATEMENTS

## GENERAL FUND

EXHIBIT B-2

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

Revenues	
Taxes - Local	\$ 49,916,502
Taxes - Intergovernmental	23,091,452
Licenses	950,215
Charges for Current Services	12,410,462
Fines and Forfeitures	1,989,546
Use of Money and Property	5,773,383
Streetlight Districts	542,761
Other	10,735,172
	<hr/>
Total Revenues	105,409,493
Expenditures	
Current Operating Departments	
General Government	13,622,530
Police	24,109,586
Financial Services	4,496,186
Community Services	17,465,101
Planning & Development	10,983,921
Fire	8,434,827
Municipal Services	7,313,848
Streetlight Districts	457,954
Debt Service	
Principal	788,713
Interest and Fiscal Charges	195,568
	<hr/>
Total Expenditures	87,868,234
	<hr/>
Excess of Revenues Over Expenditures	17,541,259
Other Uses	
Operating Transfers Out	(7,781,706)
	<hr/>
Total Other Uses	(7,781,706)
	<hr/>
Excess of Revenues Over Expenditures and Other Uses	9,759,553
Fund Balance July 1, 1994	52,110,488
	<hr/>
Fund Balance June 30, 1995	\$ 61,870,041
	<hr/>

SEE NOTES TO FINANCIAL STATEMENTS

## GENERAL FUND

EXHIBIT B-3

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>Revenues</b>			
Taxes - Local	\$ 48,665,370	\$ 49,916,502	\$ 1,251,132
Taxes - Intergovernmental	22,988,762	23,091,452	102,690
Licenses	1,004,200	950,215	(53,985)
Charges for Current Services	12,552,000	12,410,462	(141,538)
Fines and Forfeitures	1,867,945	1,989,546	121,601
Use of Money and Property	5,769,798	5,773,383	3,585
Other	963,000	834,896	(128,104)
<b>Total Revenues</b>	<b>93,811,075</b>	<b>94,966,456</b>	<b>1,155,381</b>
<b>Expenditures</b>			
<b>Current Operating Departments</b>			
General Government	14,307,024	13,845,568	461,456
Police	24,984,175	24,343,273	640,902
Financial Services	4,767,912	4,742,957	24,955
Community Services	18,175,401	17,889,617	285,784
Planning & Development	11,529,060	11,405,205	123,855
Fire	8,486,623	8,445,253	41,370
Municipal Services	7,804,095	7,645,607	158,488
<b>Debt Service</b>			
Principal	758,683	788,713	(30,030)
Interest and Fiscal Charges	507,483	195,568	311,915
<b>Total Expenditures</b>	<b>91,320,456</b>	<b>89,301,761</b>	<b>2,018,695</b>
<b>Excess of Revenues Over Expenditures</b>	<b>2,490,619</b>	<b>5,664,695</b>	<b>3,174,076</b>
<b>Other Sources (Uses)</b>			
Operating Transfers In	9,893,798	9,900,276	6,478
Operating Transfers Out	(12,384,417)	(7,781,706)	4,602,711
<b>Total Other Sources (Uses)</b>	<b>(2,490,619)</b>	<b>2,118,570</b>	<b>4,609,189</b>
<b>Excess of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>-</b>	<b>7,783,265</b>	<b>7,783,265</b>
Encumbrances Cancelled	-	2,144,435	2,144,435
Fund Balance July 1, 1994	-	(6,844,587)	(6,844,587)
<b>Fund Balance June 30, 1995</b>	<b>\$ -</b>	<b>\$ 3,083,113</b>	<b>\$ 3,083,113</b>



## GENERAL FUND

EXHIBIT B-4

## SCHEDULE OF REVENUES - BUDGET AND ACTUAL - BUDGET BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Taxes - Local			
Property	\$ 6,687,626	\$ 6,625,808	\$ (61,818)
Transaction Privilege	32,818,344	34,041,740	1,223,396
Hotel/Motel Transient	4,673,000	4,799,982	126,982
Light and Power Franchise	3,110,000	3,004,165	(105,835)
Cable TV Franchise	989,000	1,003,439	14,439
Salt River Project In-Lieu	242,400	289,474	47,074
Fire Insurance Premium	145,000	151,894	6,894
	48,665,370	49,916,502	1,251,132
Taxes - Intergovernmental			
State-Shared Sales	9,948,512	10,019,685	71,173
Automobile In-Lieu	3,665,250	3,696,527	31,277
State Revenue Sharing	9,375,000	9,375,240	240
	22,988,762	23,091,452	102,690
Licenses			
Business and Liquor Licenses	1,004,200	950,215	(53,985)
Charges for Current Services			
Building and Related Permits	10,800,000	10,590,062	(209,938)
Recreation Fees	1,752,000	1,820,400	68,400
	12,552,000	12,410,462	(141,538)
Fines and Forfeitures			
Court Fines	1,467,945	1,524,167	56,222
Parking	170,000	219,216	49,216
Library	230,000	246,163	16,163
	1,867,945	1,989,546	121,601
Use of Money and Property			
Interest Earnings	3,706,000	3,753,926	47,926
Property Rental	2,063,798	2,019,457	(44,341)
	5,769,798	5,773,383	3,585
Other	963,000	834,896	(128,104)
Total Revenues	\$ 93,811,075	\$ 94,966,456	\$ 1,155,381

GENERAL FUND

EXHIBIT B-5

SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

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	PERSONAL SERVICES	OTHER SERVICES	SUPPLIES	DEBT SERVICE	CAPITAL OUTLAY	TOTAL
Current Operating Departments						
General Government	\$ 9,207,863	\$ 3,546,107	\$ 548,580	\$ -	\$ 319,980	\$ 13,622,530
Police	19,530,544	3,492,401	626,047	-	460,594	24,109,586
Financial Services	3,662,139	705,072	(16,742)	-	145,717	4,496,186
Community Services	10,333,764	5,161,968	1,698,368	-	271,001	17,465,101
Planning & Development	5,670,617	4,987,743	141,489	-	184,072	10,983,921
Fire	-	8,407,636	27,191	-	-	8,434,827
Municipal Services	2,489,950	4,266,760	490,150	-	66,988	7,313,848
Streetlight Districts	-	457,954	-	-	-	457,954
Debt Service						
Principal	-	-	-	788,713	-	788,713
Interest and Fiscal Charges	-	-	-	195,568	-	195,568
 Expenditures	 \$ 50,894,877	 \$ 31,025,641	 \$ 3,515,083	 \$ 984,281	 \$ 1,448,352	 \$ 87,868,234
 Operating Transfers Out						
Highway User Fuel Tax Fund	\$ 4,127,167					
Airport Fund	419,600					
Capital Projects Fund	2,817,939					
Motor Pool Fund	417,000					
	<u>\$ 7,781,706</u>					

## SPECIAL REVENUE FUNDS

Special Revenue Funds are established to finance particular activities and are created out of receipts of specific taxes or other earmarked revenue. Such funds are authorized by statutory or charter provisions to pay for certain activities with some form of continuing revenue.

### **Highway User Fuel Tax Fund**

This fund receives and expends the City's allocation of the Arizona Highway User Revenue tax. The amount available to each city is allocated on a population basis, which is determined by the latest federal census. These monies must be used for street construction, reconstruction, and maintenance.

### **Community Development Fund**

This fund receives and expends the City's Community Development Block Grant revenues. The amount of the grant is awarded annually by the U.S. Department of Housing and Urban Development (HUD) upon application for funding by the City. Community Development Block Grant revenues may be used only for those projects approved in the grant budget and are subject to agency expenditure guidelines.

### **Grants Fund**

This fund receives and expends the City's grant revenues. The amount of grants received is generally based upon application to granting agencies by the City and upon availability of funding by the grantors. Grant revenues may be used only for the stated purpose in the approved budget and are subject to grantor expenditure guidelines.

### **Section 8 Fund**

This fund receives and expends the City's Section 8 Housing revenues. Assistance contracts are awarded by the U.S. Department of Housing and Urban Development (HUD) upon application by the City, and cover a five year period. Budgets are approved annually by HUD. Section 8 revenues may be used only for assistance approved by HUD and are subject to agency expenditure guidelines.

CITY OF SCOTTSDALE, ARIZONA

SPECIAL REVENUE FUNDS

EXHIBIT C-1

COMBINING BALANCE SHEET

JUNE 30, 1995

	HIGHWAY USER FUEL TAX	COMMUNITY DEVELOPMENT	GRANTS	SECTION 8	TOTAL ALL FUNDS
<b>ASSETS</b>					
Cash and Short-Term Investments	\$ 2,223,802	\$ 4,621	\$ -	\$ -	\$ 2,228,423
Receivables					
Fuel Tax	816,449	-	-	-	816,449
Grants	-	118,523	440,825	-	559,348
Miscellaneous	17,895	-	-	-	17,895
<b>Total Assets</b>	<b>\$ 3,058,146</b>	<b>\$ 123,144</b>	<b>\$ 440,825</b>	<b>\$ -</b>	<b>\$ 3,622,115</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 262,561	\$ 16	\$ 38,321	\$ -	\$ 300,898
Accrued Payroll	106,494	-	-	-	106,494
Due to General Fund	-	-	221,862	89,457	311,319
Matured Bond Interest Payable	745,257	-	-	-	745,257
Bonds Payable - Current Portion	1,615,000	-	-	-	1,615,000
<b>Total Liabilities</b>	<b>2,729,312</b>	<b>16</b>	<b>260,183</b>	<b>89,457</b>	<b>3,078,968</b>
<b>Fund Balances (Deficit)</b>					
Reserved for Encumbrances	328,834	885	280,963	3,212	613,894
Unreserved	-	122,243	(100,321)	(92,669)	(70,747)
<b>Total Fund Balances (Deficit)</b>	<b>328,834</b>	<b>123,128</b>	<b>180,642</b>	<b>(89,457)</b>	<b>543,147</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,058,146</b>	<b>\$ 123,144</b>	<b>\$ 440,825</b>	<b>\$ -</b>	<b>\$ 3,622,115</b>

SEE NOTES TO FINANCIAL STATEMENTS

## SPECIAL REVENUE FUNDS

EXHIBIT C-2

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	HIGHWAY USER FUEL TAX	COMMUNITY DEVELOPMENT	GRANTS	SECTION 8	TOTAL ALL FUNDS
<b>Revenues</b>					
Taxes-Intergovernmental	\$ 9,739,181	\$ -	\$ -	\$ -	\$ 9,739,181
Grants	-	842,166	862,945	2,113,261	3,818,372
Other	-	61,012	-	100,129	161,141
<b>Total Revenues</b>	<b>9,739,181</b>	<b>903,178</b>	<b>862,945</b>	<b>2,213,390</b>	<b>13,718,694</b>
<b>Expenditures</b>					
Current Operating Departments					
General Government	-	-	354,363	-	354,363
Police	-	-	115,964	-	115,964
Transportation	3,698,537	-	179,609	-	3,878,146
Community Services	-	-	791,020	-	791,020
Planning & Development	-	863,212	-	2,155,108	3,018,320
Municipal Services	6,968,729	-	-	-	6,968,729
Debt Service					
Principal	1,615,000	-	-	-	1,615,000
Interest and Fiscal Charges	1,492,165	-	-	-	1,492,165
<b>Total Expenditures</b>	<b>13,774,431</b>	<b>863,212</b>	<b>1,440,956</b>	<b>2,155,108</b>	<b>18,233,707</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(4,035,250)</b>	<b>39,966</b>	<b>(578,011)</b>	<b>58,282</b>	<b>(4,515,013)</b>
<b>Other Sources</b>					
Operating Transfers In					
From General Fund	3,933,168	-	-	-	3,933,168
HURF Maintenance of Effort	194,000	-	-	-	194,000
<b>Total Other Sources</b>	<b>4,127,168</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,127,168</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures</b>	<b>91,918</b>	<b>39,966</b>	<b>(578,011)</b>	<b>58,282</b>	<b>(387,845)</b>
<b>Fund Balances (Deficit) July 1, 1994</b>	<b>236,916</b>	<b>83,162</b>	<b>758,653</b>	<b>(147,739)</b>	<b>930,992</b>
<b>Fund Balances (Deficit) June 30, 1995</b>	<b>\$ 328,834</b>	<b>\$ 123,128</b>	<b>\$ 180,642</b>	<b>\$ (89,457)</b>	<b>\$ 543,147</b>

SEE NOTES TO FINANCIAL STATEMENTS

## SPECIAL REVENUE FUNDS

EXHIBIT C-3

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGET BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	HIGHWAY USER FUEL TAX		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues			
Taxes - Intergovernmental	\$ 9,679,000	\$ 9,739,181	\$ 60,181
Total Revenues	9,679,000	9,739,181	60,181
Expenditures			
Current Operating Departments			
Transportation	3,815,961	3,773,406	42,555
Municipal Services	7,393,484	7,209,577	183,907
Debt Service			
Principal	1,615,000	1,615,000	-
Interest and Fiscal Charges	1,494,515	1,492,165	2,350
Total Expenditures	14,318,960	14,090,148	228,812
Deficiency of Revenues Over Expenditures	(4,639,960)	(4,350,967)	288,993
Other Sources			
Operating Transfers In			
From General Fund	4,445,960	3,933,168	(512,792)
HURF Maintenance of Effort	194,000	194,000	-
Total Other Sources	4,639,960	4,127,168	(512,792)
Deficiency of Revenues and Other Sources Over Expenditures	-	(223,799)	(223,799)
Encumbrances Cancelled	-	236,916	236,916
Fund Deficit July 1, 1994	-	(179,578)	(179,578)
Fund Deficit June 30, 1995	\$ -	\$ (166,461)	\$ (166,461)

## SPECIAL REVENUE FUNDS

EXHIBIT C-4

## COMBINING SCHEDULE OF REVENUES AND OTHER SOURCES

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	HIGHWAY USER FUEL TAX	COMMUNITY DEVELOPMENT	GRANTS	SECTION 8	TOTAL ALL FUNDS
Taxes - Intergovernmental					
Fuel Tax	\$ 8,642,958	\$ -	\$ -	\$ -	\$ 8,642,958
Local Transportation Assistance Fund	1,096,223	-	-	-	1,096,223
	9,739,181	-	-	-	9,739,181
Grants					
Federal	-	842,166	594,968	2,113,261	3,550,395
State	-	-	210,995	-	210,995
Miscellaneous	-	-	56,982	-	56,982
	-	842,166	862,945	2,113,261	3,818,372
Other	-	61,012	-	100,129	161,141
Total Revenues	9,739,181	903,178	862,945	2,213,390	13,718,694
Other Sources					
Operating Transfers In					
From General Fund	3,933,168	-	-	-	3,933,168
HURF Maintenance of Effort	194,000	-	-	-	194,000
Total Other Sources	4,127,168	-	-	-	4,127,168
Total Revenues and Other Sources	\$ 13,866,349	\$ 903,178	\$ 862,945	\$ 2,213,390	\$ 17,845,862

## CITY OF SCOTTSDALE, ARIZONA

## SPECIAL REVENUE FUNDS

EXHIBIT C-5

## COMBINING SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	PERSONAL SERVICES	OTHER SERVICES	SUPPLIES	DEBT SERVICE	CAPITAL OUTLAY	TOTAL
<b>HIGHWAY USER FUEL TAX</b>						
Current Operating Departments						
Municipal Services	\$ 2,266,365	\$ 4,278,836	\$ 407,988	\$ -	\$ 15,540	\$ 6,968,729
Transportation	1,461,004	2,166,529	29,456	-	41,548	3,698,537
Debt Service						
Principal	-	-	-	1,615,000	-	1,615,000
Interest	-	-	-	1,492,165	-	1,492,165
	3,727,369	6,445,365	437,444	3,107,165	57,088	13,774,431
<b>COMMUNITY DEVELOPMENT</b>						
Current Operating Departments						
Planning & Development	170,878	604,594	5,989	-	81,751	863,212
<b>GRANTS</b>						
Current Operating Departments						
Police	93,085	5,638	1,770	-	15,471	115,964
Transportation	11,576	168,033	-	-	-	179,609
Community Services	33,389	319,707	17,867	-	420,057	791,020
General Government	72,709	222,957	38,413	-	20,284	354,363
	210,759	716,335	58,050	-	455,812	1,440,956
<b>SECTION 8</b>						
Current Operating Departments						
Planning & Development	189,915	1,955,872	4,901	-	4,420	2,155,108
Total Expenditures	\$ 4,298,921	\$ 9,722,166	\$ 506,384	\$ 3,107,165	\$ 599,071	\$ 18,233,707



### **DEBT SERVICE FUNDS**

These funds record the accumulation of resources for, and the payment of, long-term debt principal and interest not serviced by the proprietary funds.

#### **General Obligation Bond Debt Service Fund**

This fund accounts for the principal and interest requirements of the City's general obligation bonds. Financing is provided from the levy of secondary property tax.

#### **Municipal Property Corporation Debt Service Fund**

This fund accounts for the principal and interest requirements of the City's Municipal Property Corporation bonds. Financing is provided primarily by transaction privilege tax.

#### **Special Assessments Debt Service Fund**

This fund accounts for the principal and interest requirements of special assessment bonds. Financing is provided by special assessment levies against the benefitted property holders.

#### **Community Facilities Districts Debt Service Fund**

This fund accounts for the principal and interest of general obligation bonds issued by community facilities districts. Although these bonds are *not* obligations of the City, generally accepted accounting principles indicate that the bonds should be disclosed herein.

CITY OF SCOTTSDALE, ARIZONA

DEBT SERVICE FUNDS

EXHIBIT D-1

COMBINING BALANCE SHEET

JUNE 30, 1995

	GENERAL OBLIGATION BOND	MUNICIPAL PROPERTY CORPORATION	SPECIAL ASSESSMENTS	COMMUNITY FACILITIES DISTRICTS	TOTAL ALL FUNDS
<b>ASSETS</b>					
Cash and Short-Term Investments	\$ 9,080,679	\$ 5,346,634	\$ 2,852,042	\$ 2,118,199	\$ 19,397,554
Investments	-	1,559,512	-	-	1,559,512
Receivables					
Accrued Interest	-	11,857	-	-	11,857
Property Tax	111,266	-	-	7,950	119,216
Special Assessments	-	-	27,108,861	-	27,108,861
<b>Total Assets</b>	<b>\$ 9,191,945</b>	<b>\$ 6,918,003</b>	<b>\$ 29,960,903</b>	<b>\$ 2,126,149</b>	<b>\$ 48,197,000</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accrued Interest Payable	\$ -	\$ 434,753	\$ -	\$ -	\$ 434,753
Bond Interest Payable	3,799,543	1,248,795	504,472	622,735	6,175,545
Bonds Payable - Current Portion	5,050,000	3,700,000	520,000	-	9,270,000
Deferred Revenue					
Special Assessments	-	-	27,108,861	-	27,108,861
Developers	-	-	-	712	712
<b>Total Liabilities</b>	<b>8,849,543</b>	<b>5,383,548</b>	<b>28,133,333</b>	<b>623,447</b>	<b>42,989,871</b>
<b>Fund Balances</b>					
Reserved for Debt Service	342,402	1,534,455	1,827,570	1,195,000	4,899,427
Unreserved	-	-	-	307,702	307,702
<b>Total Fund Balances</b>	<b>342,402</b>	<b>1,534,455</b>	<b>1,827,570</b>	<b>1,502,702</b>	<b>5,207,129</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,191,945</b>	<b>\$ 6,918,003</b>	<b>\$ 29,960,903</b>	<b>\$ 2,126,149</b>	<b>\$ 48,197,000</b>

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

DEBT SERVICE FUNDS

EXHIBIT D-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	GENERAL OBLIGATION BOND	MUNICIPAL PROPERTY CORPORATION	SPECIAL ASSESSMENTS	COMMUNITY FACILITIES DISTRICTS	TOTAL ALL FUNDS
<b>Revenues</b>					
Taxes - Local					
Property	\$ 11,683,643	\$ -	\$ -	\$ 73,512	\$ 11,757,155
Transaction Privilege	-	9,713,676	-	-	9,713,676
Hotel/Motel Transient	-	248,004	-	-	248,004
	11,683,643	9,961,680	-	73,512	21,718,835
Special Assessments	-	-	5,514,188	-	5,514,188
<b>Use of Money and Property</b>					
Interest Earnings	-	87,301	-	341,331	428,632
Property Rental	-	162,571	-	-	162,571
	-	249,872	-	341,331	591,203
<b>Total Revenues</b>	<b>11,683,643</b>	<b>10,211,552</b>	<b>5,514,188</b>	<b>414,843</b>	<b>27,824,226</b>
<b>Expenditures</b>					
Debt Service					
Principal	5,050,000	4,985,000	3,837,000	-	13,872,000
Interest and Fiscal Charges	6,860,083	5,226,552	1,161,537	1,144,100	14,392,272
<b>Total Expenditures</b>	<b>11,910,083</b>	<b>10,211,552</b>	<b>4,998,537</b>	<b>1,144,100</b>	<b>28,264,272</b>
Excess (Deficiency) of Revenues Over Expenditures	(226,440)	-	515,651	(729,257)	(440,046)
<b>Other Sources (Uses)</b>					
Operating Transfers In	-	-	-	2,116,611	2,116,611
Operating Transfers Out	(2,910,063)	-	-	-	(2,910,063)
<b>Total Other Sources (Uses)</b>	<b>(2,910,063)</b>	<b>-</b>	<b>-</b>	<b>2,116,611</b>	<b>(793,452)</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	(3,136,503)	-	515,651	1,387,354	(1,233,498)
Fund Balances July 1, 1994	3,478,905	1,534,455	1,311,919	115,348	6,440,627
Fund Balances June 30, 1995	\$ 342,402	\$ 1,534,455	\$ 1,827,570	\$ 1,502,702	\$ 5,207,129

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

DEBT SERVICE FUNDS

EXHIBIT D-3

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES (DEFICITS) - BUDGET AND ACTUAL - BUDGET BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	GENERAL OBLIGATION			MUNICIPAL PROPERTY CORPORATION		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues						
Taxes - Local						
Property	\$ 12,014,171	\$ 11,683,643	\$ (330,528)	\$ -	\$ -	\$ -
Transaction Privilege	-	-	-	10,088,721	9,713,676	(375,045)
Hotel/Motel Transient	-	-	-	248,000	248,004	4
	12,014,171	11,683,643	(330,528)	10,336,721	9,961,680	(375,041)
Special Assessments	-	-	-	-	-	-
Use of Money and Property						
Interest Earnings	-	-	-	100,000	87,301	(12,699)
Property Rental	-	-	-	275,000	162,571	(112,429)
	-	-	-	375,000	249,872	(125,128)
Total Revenues	12,014,171	11,683,643	(330,528)	10,711,721	10,211,552	(500,169)
Expenditures						
Debt Service						
Principal	5,090,000	5,050,000	40,000	5,290,000	4,985,000	305,000
Interest and Fiscal Charges	6,924,171	6,860,083	64,088	5,421,721	5,226,552	195,169
Total Expenditures	12,014,171	11,910,083	104,088	10,711,721	10,211,552	500,169
Excess (Deficiency) of Revenues Over Expenditures	-	(226,440)	(226,440)	-	-	-
Other Uses						
Operating Transfers Out	-	(2,910,063)	(2,910,063)	-	-	-
Total Other Uses	-	(2,910,063)	(2,910,063)	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	(3,136,503)	(3,136,503)	-	-	-
Fund Balances June 1, 1994	-	3,478,905	3,478,905	-	-	-
Fund Balances June 30, 1995	\$ -	\$ 342,402	\$ 342,402	\$ -	\$ -	\$ -

CITY OF SCOTTSDALE, ARIZONA

EXHIBIT D-3  
(continued)

SPECIAL ASSESSMENTS			TOTALS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ 12,014,171	\$ 11,683,643	\$ (330,528)
-	-	-	10,088,721	9,713,676	(375,045)
-	-	-	248,000	248,004	4
-	-	-	22,350,892	21,645,323	(705,569)
11,703,282	5,514,188	(6,189,094)	11,703,282	5,514,188	(6,189,094)
-	-	-	100,000	87,301	(12,699)
-	-	-	275,000	162,571	(112,429)
-	-	-	375,000	249,872	(125,128)
11,703,282	5,514,188	(6,189,094)	34,429,174	27,409,383	(7,019,791)
7,850,936	3,837,000	4,013,936	18,230,936	13,872,000	4,358,936
2,580,678	1,161,537	1,419,141	14,926,570	13,248,172	1,678,398
10,431,614	4,998,537	5,433,077	33,157,506	27,120,172	6,037,334
1,271,668	515,651	(756,017)	1,271,668	289,211	(982,457)
-	-	-	-	(2,910,063)	(2,910,063)
-	-	-	-	(2,910,063)	(2,910,063)
1,271,668	515,651	(756,017)	1,271,668	(2,620,852)	(3,892,520)
-	52,439	52,439	-	3,531,344	3,531,344
\$ 1,271,668	\$ 568,090	\$ (703,578)	\$ 1,271,668	\$ 910,492	\$ (361,176)



### **CAPITAL PROJECTS FUNDS**

Capital Projects Funds account for the resources used to acquire, construct and improve major capital facilities, other than those financed by proprietary funds. Capital Projects Funds allow the City to compile project cost data and demonstrate that legal or contractual requirements regarding the use of the resources are fully satisfied.

#### **General Obligation Bond Construction Fund**

Accounts for the proceeds of the sale of 1989 General Obligation Bonds, which are used for authorized capital improvements.

#### **Special Assessment Bond Construction Fund**

Accounts for the proceeds of special assessment bonds issued for construction of capital improvements within individual improvement districts.

#### **Transaction Privilege Tax Fund**

Accounts for an authorized .2% increase of transaction privilege tax dedicated to transportation capital improvements.

#### **All Other Construction Fund**

Accounts for pay-as-you-go capital improvement revenues and expenditures.

#### **Community Facilities Districts Fund**

Accounts for the expenditure of proceeds of general obligation bonds issued by community facilities districts.

CITY OF SCOTTSDALE, ARIZONA

CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET

EXHIBIT E-1

JUNE 30, 1995

	GENERAL OBLIGATION BOND CONSTRUCTION	SPECIAL ASSESSMENT BOND CONSTRUCTION	TRANSACTION PRIVILEGE TAX	ALL OTHER CONSTRUCTION	COMMUNITY FACILITIES DISTRICTS	TOTAL ALL FUNDS
<b>ASSETS</b>						
Cash and Short-Term Investments	\$ 8,327,574	\$ 4,968,340	\$ 12,296,766	\$ 6,884,366	\$ 4,140,788	\$ 36,617,834
Receivables						
Accrued Interest	45,376	93,620	79,020	5,315	-	223,331
Privilege Tax	-	-	140,702	-	-	140,702
Miscellaneous	-	-	-	78,525	-	78,525
Due from Maricopa County Flood Control District	-	-	-	720,000	-	720,000
<b>Total Assets</b>	<b>\$ 8,372,950</b>	<b>\$ 5,061,960</b>	<b>\$ 12,516,488</b>	<b>\$ 7,688,206</b>	<b>\$ 4,140,788</b>	<b>\$ 37,780,392</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts Payable	\$ 751,741	\$ 1,791,260	\$ 458,544	\$ 999,354	\$ 38,028	\$ 4,038,927
Other	-	787,045	-	-	-	787,045
<b>Total Liabilities</b>	<b>751,741</b>	<b>2,578,305</b>	<b>458,544</b>	<b>999,354</b>	<b>38,028</b>	<b>4,825,972</b>
Fund Balances						
Reserved for Encumbrances	4,956,075	1,312,969	2,679,468	1,775,385	-	10,723,897
Unreserved	2,665,134	1,170,686	9,378,476	4,913,467	4,102,760	22,230,523
<b>Total Fund Balances</b>	<b>7,621,209</b>	<b>2,483,655</b>	<b>12,057,944</b>	<b>6,688,852</b>	<b>4,102,760</b>	<b>32,954,420</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,372,950</b>	<b>\$ 5,061,960</b>	<b>\$ 12,516,488</b>	<b>\$ 7,688,206</b>	<b>\$ 4,140,788</b>	<b>\$ 37,780,392</b>

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SEE NOTES TO FINANCIAL STATEMENTS



CITY OF SCOTTSDALE, ARIZONA

CAPITAL PROJECTS FUNDS

EXHIBIT E-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	GENERAL OBLIGATION BOND CONSTRUCTION	SPECIAL ASSESSMENT BOND CONSTRUCTION	TRANSACTION PRIVILEGE TAX	ALL OTHER CONSTRUCTION	COMMUNITY FACILITIES DISTRICTS	TOTAL ALL FUNDS
Revenues						
Transaction Privilege Tax	\$ -	\$ -	\$ 8,481,878	\$ -	\$ -	\$ 8,481,878
Use of Money and Property	850,143	826,132	511,398	240,615	254,785	2,683,073
Reimbursements from Outside Sources	-	601,986	-	3,101,106	-	3,703,092
Other	-	38,807	-	143,580	-	182,387
Total Revenues	850,143	1,466,925	8,993,276	3,485,301	254,785	15,050,430
Expenditures						
Capital Improvements	24,799,802	24,602,358	5,549,425	6,995,512	7,837,716	69,784,813
Excess (Deficiency) of Revenues Over Expenditures	(23,949,659)	(23,135,433)	3,443,851	(3,510,211)	(7,582,931)	(54,734,383)
Other Sources (Uses)						
Operating Transfers In	-	-	-	6,909,759	-	6,909,759
Operating Transfers Out	(650,000)	-	-	(312,833)	(2,116,611)	(3,079,444)
Bond Proceeds	16,000,000	12,500,000	-	2,877,923	13,802,300	45,180,223
Proceeds from Sale of Real Estate	-	-	-	1,005,272	-	1,005,272
Total Other Sources (Uses)	15,350,000	12,500,000	-	10,480,121	11,685,689	50,015,810
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(8,599,659)	(10,635,433)	3,443,851	6,969,910	4,102,758	(4,718,573)
Fund Balances (Deficit) July 1, 1994	16,220,868	13,119,088	8,614,093	(281,058)	2	37,672,993
Fund Balances June 30, 1995	\$ 7,621,209	\$ 2,483,655	\$ 12,057,944	\$ 6,688,852	\$ 4,102,760	\$ 32,954,420

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SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

CAPITAL PROJECTS FUNDS

EXHIBIT E-3

COMBINING SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	PERSONAL SERVICES	OTHER SERVICES	SUPPLIES	CAPITAL OUTLAY	DEBT SERVICE	TOTAL
General Obligation Bond						
Construction Fund						
Capital Improvements	\$ 513,856	\$ 2,155,320	\$ 323,660	\$ 21,806,966	\$ -	\$ 24,799,802
Special Assessment Bond						
Construction Fund						
Capital Improvements	85,251	14,051	13	23,038,713	1,464,330	24,602,358
Transaction						
Privilege Tax						
Capital Improvements	176,250	860,548	8,488	4,504,139	-	5,549,425
All Other						
Construction Fund						
Capital Improvements	169,703	473,293	164,825	5,848,993	338,698	6,995,512
Community Facilities Districts						
Capital Improvements	-	-	-	7,837,716	-	7,837,716
Total Expenditures	\$ 945,060	\$ 3,503,212	\$ 496,986	\$ 63,036,527	\$ 1,803,028	\$ 69,784,813

## ENTERPRISE FUNDS

Enterprise Funds account for the financing of self-supporting activities of City units which render services to the general public on a user charge basis. Enterprise funds are maintained on the accrual basis of accounting. Although the Water and Sewer Utility, Airport and Sanitation Funds are operated as enterprise funds, their expenditures are controlled through budgetary accounting procedures similar to other City funds.

### **Water and Sewer Utility Fund**

The Water and Sewer Utility Fund was established for control of the operating revenue and expenses of the City's water and sewer utility systems.

### **Airport Fund**

The Airport Fund was established for control of the operating revenue and expenses of the City's airport.

### **Sanitation Fund**

The Sanitation Fund was established to control operating revenue and expenses related to the City's sanitation services (solid waste, brush removal, container maintenance, etc.).

## ENTERPRISE FUNDS

EXHIBIT F-1

## COMBINING BALANCE SHEET

JUNE 30, 1995

	WATER AND SEWER UTILITY	AIRPORT	SANITATION	TOTAL ALL FUNDS
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Short-Term Investments	\$ 40,512,465	\$ 1,376	\$ 53,502	\$ 40,567,343
Receivables				
Accrued Interest	414,449	-	8,316	422,765
Accounts	5,991,569	-	1,457,086	7,448,655
Miscellaneous	1,104,278	1,064,207	48,603	2,217,088
<b>Total Current Assets</b>	<b>48,022,761</b>	<b>1,065,583</b>	<b>1,567,507</b>	<b>50,655,851</b>
<b>Restricted Cash and Investments</b>				
Revenue Bond Reserves	2,957,334	-	-	2,957,334
Water and Sewer System Replacement Scottsdale Water Service Company Replacement Reserve	8,611,102	-	-	8,611,102
Acquisition and Construction Reserve	300,000	-	-	300,000
Development Fees	35,213,354	-	-	35,213,354
Bond Proceeds	3,643,907	-	-	3,643,907
<b>Total Restricted Cash and Investments</b>	<b>50,725,697</b>	<b>-</b>	<b>-</b>	<b>50,725,697</b>
<b>Property, Plant, and Equipment</b>				
Land and Land Improvements	3,317,106	14,552,788	-	17,869,894
Water Rights	22,911,267	-	-	22,911,267
Water System	208,211,004	-	-	208,211,004
Sewer System	109,472,230	-	-	109,472,230
Buildings and Improvements	-	1,565,590	363,556	1,929,146
Furniture and Fixtures	508,192	33,377	17,320	558,889
Machinery and Equipment	1,539,423	146,311	485,516	2,171,250
Construction in Progress	12,562,233	1,789,505	-	14,351,738
<b>Total Property, Plant, and Equipment</b>	<b>358,521,455</b>	<b>18,087,571</b>	<b>866,392</b>	<b>377,475,418</b>
<b>Accumulated Depreciation</b>	<b>(68,945,759)</b>	<b>(5,573,903)</b>	<b>(309,686)</b>	<b>(74,829,348)</b>
<b>Total Property, Plant, and Equipment, Net of Accumulated Depreciation</b>	<b>289,575,696</b>	<b>12,513,668</b>	<b>556,706</b>	<b>302,646,070</b>
<b>Excess Purchase Price Over Fair Market Value of Water System Assets Acquired, Net of Accumulated Amortization of \$2,536,563</b>				
	384,695	-	-	384,695
<b>Total Assets</b>	<b>\$ 388,708,849</b>	<b>\$ 13,579,251</b>	<b>\$ 2,124,213</b>	<b>\$ 404,412,313</b>

SEE NOTES TO FINANCIAL STATEMENTS

## ENTERPRISE FUNDS

EXHIBIT F-1  
(Continued)

## COMBINING BALANCE SHEET

JUNE 30, 1995

	WATER AND SEWER UTILITY	AIRPORT	SANITATION	TOTAL ALL FUNDS
<b>LIABILITIES AND FUND EQUITY</b>				
Current Liabilities (Payable from Current Assets)				
Accounts Payable	\$ 1,772,892	\$ 343,333	\$ 188,864	\$ 2,305,089
Accrued Payroll	449,671	20,395	329,456	799,522
Due to General Fund	-	174,400	-	174,400
Contracts Payable - Current Portion	(B) 256,456	-	-	256,456
Bond Interest Payable	1,609,702	-	-	1,609,702
Bonds Payable - Current Portion	3,610,000	-	-	3,610,000
Total Current Liabilities	7,698,721	538,128	518,320	8,755,169
Other Liabilities				
Deferred Revenue	911,100	-	-	911,100
Customer Advances and Deposits	1,125,191	1,000	-	1,126,191
Total Other Liabilities	2,036,291	1,000	-	2,037,291
Long-Term Debt (Net of Current Portion)				
Bonds Payable	53,915,000	-	-	53,915,000
Contracts Payable	2,031,285	-	-	2,031,285
Total Long-Term Debt	55,946,285	-	-	55,946,285
Total Liabilities	65,681,297	539,128	518,320	66,738,745
Fund Equity				
Contributed Capital	246,863,456	18,206,193	477,808	265,547,457
Less Depreciation	(30,238,823)	(5,608,050)	-	(35,846,873)
Net Contributed Capital	216,624,633	12,598,143	477,808	229,700,584
Retained Earnings				
Reserved for				
Revenue Bond Retirement	2,957,334	-	-	2,957,334
Water and Sewer System Replacement	8,911,102	-	-	8,911,102
Acquisition and Construction	38,857,261	-	-	38,857,261
Unreserved	55,677,222	441,980	1,128,085	57,247,287
Total Retained Earnings	106,402,919	441,980	1,128,085	107,972,984
Total Fund Equity	323,027,552	13,040,123	1,605,893	337,673,568
Total Liabilities and Fund Equity	\$ 388,708,849	\$ 13,579,251	\$ 2,124,213	\$ 404,412,313

SEE NOTES TO FINANCIAL STATEMENTS

## CITY OF SCOTTSDALE, ARIZONA

## ENTERPRISE FUNDS

EXHIBIT F-2

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN RETAINED EARNINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	WATER AND SEWER UTILITY	AIRPORT	SANITATION	TOTAL ALL FUNDS
Operating Revenues				
Water Service Fees	\$ 39,129,164	\$ -	\$ -	\$ 39,129,164
Sewer Service Fees	11,674,229	-	-	11,674,229
Planet Ranch	162,037	-	-	162,037
Sanitation Fees	-	-	9,440,411	9,440,411
Airport Fees	-	792,546	-	792,546
Other	1,470,318	-	-	1,470,318
<b>Total Operating Revenues</b>	<b>52,435,748</b>	<b>792,546</b>	<b>9,440,411</b>	<b>62,668,705</b>
Operating Expenses				
Water Operations	18,576,918	-	-	18,576,918
Sewer Operations	5,098,305	-	-	5,098,305
Sanitation Operations	-	-	7,683,230	7,683,230
Airport Operations	-	677,910	-	677,910
Indirect Costs	4,554,588	273,000	1,516,200	6,343,788
In-Lieu Property Tax	1,100,520	48,360	-	1,148,880
Franchise Fees	2,407,608	-	-	2,407,608
Depreciation and Amortization	7,974,058	510,359	40,845	8,525,262
<b>Total Operating Expenses</b>	<b>39,711,997</b>	<b>1,509,629</b>	<b>9,240,275</b>	<b>50,461,901</b>
Operating Income (Loss)	12,723,751	(717,083)	200,136	12,206,804
Non-Operating Revenues (Expenses)				
Interest Earnings	4,464,209	264	75,310	4,539,783
Interest Expense	(1,623,610)	-	-	(1,623,610)
<b>Net Non-Operating Revenues (Expenses)</b>	<b>2,840,599</b>	<b>264</b>	<b>75,310</b>	<b>2,916,173</b>
Operating Transfers In	283,033	449,400	-	732,433
Operating Transfers Out	(541,100)	-	(95,000)	(636,100)
<b>Net Operating Transfers In (Out)</b>	<b>(258,067)</b>	<b>449,400</b>	<b>(95,000)</b>	<b>96,333</b>
Net Income (Loss)	15,306,283	(267,419)	180,446	15,219,310
Add Depreciation on Fixed Assets Acquired By Contributed Capital	3,553,506	510,359	-	4,063,865
Increase in Retained Earnings	18,859,789	242,940	180,446	19,283,175
Retained Earnings July 1, 1994	87,543,130	199,040	947,639	88,689,809
Retained Earnings June 30, 1995	\$ 106,402,919	\$ 441,980	\$ 1,128,085	\$ 107,972,984

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

ENTERPRISE FUNDS

EXHIBIT F-3  
(Continued on Following Page)

COMBINING STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	WATER AND SEWER UTILITY	AIRPORT	SANITATION	TOTAL ALL FUNDS
Cash Flows from Operating Activities:				
Operating Income (Loss)	\$ 12,723,751	\$ (717,083)	\$ 200,136	\$ 12,206,804
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	7,893,197	510,359	40,845	8,444,401
Amortization	80,861	-	-	80,861
Changes In Assets and Liabilities (Sources (Uses) of Cash):				
Accounts Receivable	(795,306)	-	(488,232)	(1,283,538)
Miscellaneous Receivables	3,690,666	(707,639)	(17,790)	2,965,237
Accounts Payable	(709,587)	325,580	16,249	(367,758)
Accrued Payroll	(103,747)	(7,048)	(60,025)	(170,820)
Due to General Fund	-	174,400	-	174,400
Deferred Revenue	(4,168,765)	-	-	(4,168,765)
Other Liabilities	108,063	-	-	108,063
Due from Capital Projects Funds	7,095,362	-	-	7,095,362
Total Adjustments	13,090,744	295,652	(508,953)	12,877,443
Net Cash Provided by (Used for) Operating Activities	25,814,495	(421,431)	(308,817)	25,084,247
Cash Flows from Non-Capital Financing Activities:				
Operating Transfers In	28,933	449,400	-	478,333
Operating Transfers Out	(287,000)	-	(95,000)	(382,000)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(258,067)	449,400	(95,000)	96,333
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Property and Equipment	(17,997,155)	(1,278,868)	(3,159)	(19,279,182)
Principal Payments on Long-Term Debt	(4,085,391)	-	-	(4,085,391)
Interest Paid on Long-Term Debt	(1,493,778)	-	-	(1,493,778)
Capital Contributions from Other Government Units	-	1,006,796	-	1,006,796
Capital Contributions from Developers	5,314,738	-	-	5,314,738
Water and Sewer Development Fees	14,934,055	-	-	14,934,055
Bond Proceeds	5,000,000	-	-	5,000,000
Net Cash Provided by (Used for) Capital and Related Financing Activities	1,672,469	(272,072)	(3,159)	1,397,238
Cash Flows from Investing Activities:				
Interest Received on Investments	4,238,328	264	71,122	4,309,714
Net Increase (Decrease) In Cash and Cash Equivalents	31,467,225	(243,839)	(335,854)	30,887,532
Cash and Cash Equivalents at Beginning of Year	59,770,937	245,215	389,356	60,405,508
Cash and Cash Equivalents at End of Year	\$ 91,238,162	\$ 1,376	\$ 53,502	\$ 91,293,040

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

ENTERPRISE FUNDS

EXHIBIT F-3  
(Continued)

COMBINING STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	WATER AND SEWER UTILITY	AIRPORT	SANITATION	TOTAL ALL FUNDS
Cash and Cash Equivalents at End of Year Includes:				
Cash and Short-Term Investments	\$ 40,512,465	\$ 1,376	\$ 53,502	\$ 40,567,343
Restricted Cash and Investments	50,725,697	-	-	50,725,697
Total Cash and Cash Equivalents	<u>\$ 91,238,162</u>	<u>\$ 1,376</u>	<u>\$ 53,502</u>	<u>\$ 91,293,040</u>
Supplemental Disclosure of Noncash Financing Activities:				
Additions to Property, Plant, and Equipment				
Contributions from Developers	\$ 11,013,090	\$ -	\$ -	\$ 11,013,090
Contributions from Others	181,973	-	-	181,973
Contributions to Other Government Units	-	(94,674)	-	(94,674)
	<u>\$ 11,195,063</u>	<u>\$ (94,674)</u>	<u>\$ -</u>	<u>\$ 11,100,389</u>

SEE NOTES TO FINANCIAL STATEMENTS



CITY OF SCOTTSDALE, ARIZONA

ENTERPRISE FUNDS

EXHIBIT F-4

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGET BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	WATER AND SEWER UTILITY			AIRPORT			SANITATION			TOTALS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>Revenues</b>												
Water Service Fees	\$ 37,130,285	\$ 37,106,062	\$ (24,223)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,130,285	\$ 37,106,062	\$ (24,223)
Sewer Service Fees	11,501,732	11,174,727	(327,005)	-	-	-	-	-	-	11,501,732	11,174,727	(327,005)
Reclaimed Water	1,415,578	1,959,464	543,886	-	-	-	-	-	-	1,415,578	1,959,464	543,886
Groundwater Treatment	1,049,818	1,230,838	181,020	-	-	-	-	-	-	1,049,818	1,230,838	181,020
Planet Ranch	200,000	162,037	(37,963)	-	-	-	-	-	-	200,000	162,037	(37,963)
Sanitation Fees	-	-	-	-	-	-	9,389,000	9,440,411	51,411	9,389,000	9,440,411	51,411
Airport Fees	-	-	-	795,000	792,546	(2,454)	-	-	-	795,000	792,546	(2,454)
Property Rental	103,000	163,065	60,065	-	-	-	-	-	-	103,000	163,065	60,065
Interest Earnings	2,851,670	2,421,019	(430,651)	-	264	264	40,000	75,310	35,310	2,891,670	2,496,593	(395,077)
Operating Transfers In	-	-	-	255,002	255,600	598	-	-	-	255,002	255,600	598
Other	-	517,294	517,294	-	-	-	-	-	-	-	517,294	517,294
<b>Total Revenues</b>	<b>54,252,083</b>	<b>54,734,506</b>	<b>482,423</b>	<b>1,050,002</b>	<b>1,048,410</b>	<b>(1,592)</b>	<b>9,429,000</b>	<b>9,515,721</b>	<b>86,721</b>	<b>64,731,085</b>	<b>65,298,637</b>	<b>567,552</b>
<b>Expenditures</b>												
Water Operations	19,343,135	19,037,196	305,939	-	-	-	-	-	-	19,343,135	19,037,196	305,939
Sewer Operations	4,958,460	4,958,599	(139)	-	-	-	-	-	-	4,958,460	4,958,599	(139)
Sanitation Operations	-	-	-	-	-	-	7,682,605	7,681,588	1,017	7,682,605	7,681,588	1,017
Airport Operations	-	-	-	745,876	714,035	31,841	-	-	-	745,876	714,035	31,841
Debt Service and Reserves	9,875,786	9,675,359	200,407	-	-	-	275,000	-	275,000	10,150,786	9,675,359	475,407
Operating Transfers Out	287,000	287,000	-	-	-	-	95,000	95,000	-	382,000	382,000	-
Indirect Costs	8,055,134	8,062,716	(7,582)	321,363	321,360	3	1,517,301	1,516,200	1,101	9,893,798	9,900,276	(6,478)
<b>Total Expenditures</b>	<b>42,519,495</b>	<b>42,020,870</b>	<b>498,625</b>	<b>1,067,239</b>	<b>1,035,395</b>	<b>31,844</b>	<b>9,569,906</b>	<b>9,292,788</b>	<b>277,118</b>	<b>53,156,640</b>	<b>52,349,053</b>	<b>807,587</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 11,732,588</b>	<b>\$ 12,713,636</b>	<b>\$ 981,048</b>	<b>\$ (17,237)</b>	<b>\$ 13,015</b>	<b>\$ 30,252</b>	<b>\$ (140,906)</b>	<b>\$ 222,933</b>	<b>\$ 363,839</b>	<b>\$ 11,574,445</b>	<b>\$ 12,949,584</b>	<b>\$ 1,375,139</b>

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## INTERNAL SERVICE FUNDS

Internal Service Funds are established to finance and account for services and/or commodities furnished by one department or unit to other departments or units within the City.

### **Motor Pool Fund**

The Motor Pool Fund is responsible for the maintenance and operations of various automobiles and other equipment of the City. Revenue to this fund is derived from charges to user programs.

### **Self-Insurance Fund**

The Self-Insurance Fund is responsible for the administration of the City's self-insurance program. Revenue to this fund is derived from charges to user programs. This fund provides coverage for unemployment, workmen's compensation, property, and liability claims.

## INTERNAL SERVICE FUNDS

EXHIBIT G-1

## COMBINING BALANCE SHEET

JUNE 30, 1995

	MOTOR POOL	SELF- INSURANCE	TOTAL ALL FUNDS
<b>ASSETS</b>			
Current Assets			
Cash and Short-Term Investments	\$ 4,021,070	\$ 4,259,576	\$ 8,280,646
Receivables			
Accrued Interest	20,663	24,241	44,904
Miscellaneous	3,256	27,309	30,565
Supplies Inventory	257,669	-	257,669
Total Current Assets	4,302,658	4,311,126	8,613,784
Property, Plant, and Equipment			
Buildings and Improvements	1,448,103	-	1,448,103
Motor Vehicles	16,482,264	-	16,482,264
Furniture and Fixtures	18,962	59,997	78,959
Machinery and Equipment	1,097,743	-	1,097,743
Construction in Progress	682,286	-	682,286
Total Property, Plant, and Equipment	19,729,358	59,997	19,789,355
Accumulated Depreciation	(10,188,424)	(33,534)	(10,221,958)
Total Property, Plant, and Equipment, Net of Accumulated Depreciation	9,540,934	26,463	9,567,397
Total Assets	\$ 13,843,592	\$ 4,337,589	\$ 18,181,181
<b>LIABILITIES AND FUND EQUITY</b>			
Current Liabilities			
Accounts Payable	\$ 56,043	\$ 206	\$ 56,249
Accrued Payroll	241,755	46,278	288,033
Claims Payable	-	5,460,112	5,460,112
Total Current Liabilities	297,798	5,506,596	5,804,394
Fund Equity			
Contributed Capital	8,811,981	1,983,088	10,795,069
Retained Earnings (Accumulated Deficit)	4,733,813	(3,152,095)	1,581,718
Net Fund Equity	13,545,794	(1,169,007)	12,376,787
Total Liabilities and Fund Equity	\$ 13,843,592	\$ 4,337,589	\$ 18,181,181

SEE NOTES TO FINANCIAL STATEMENTS

## INTERNAL SERVICE FUNDS

EXHIBIT G-2

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
RETAINED EARNINGS (ACCUMULATED DEFICIT)

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	MOTOR POOL	SELF- INSURANCE	TOTAL ALL FUNDS
Operating Revenues			
Billings To User Programs	\$ 6,659,004	\$ 2,700,995	\$ 9,359,999
Property Tax	-	1,294,720	1,294,720
Other	107,161	-	107,161
Total Operating Revenues	6,766,165	3,995,715	10,761,880
Operating Expenses			
Motor Pool Operations	4,531,963	-	4,531,963
Self-Insurance Administration	-	972,696	972,696
Self-Insurance Claims	-	3,607,601	3,607,601
Depreciation	1,792,237	7,086	1,799,323
Total Operating Expenses	6,324,200	4,587,383	10,911,583
Operating Income (Loss)	441,965	(591,668)	(149,703)
Non-Operating Revenues			
Interest Earnings	187,120	219,515	406,635
Operating Transfers In	839,000	-	839,000
Net Income (Loss)	1,468,085	(372,153)	1,095,932
Retained Earnings (Accumulated Deficit)			
July 1, 1994	3,265,728	(2,779,942)	485,786
Retained Earnings (Accumulated Deficit)			
June 30, 1995	\$ 4,733,813	\$ (3,152,095)	\$ 1,581,718

SEE NOTES TO FINANCIAL STATEMENTS

## INTERNAL SERVICE FUNDS

EXHIBIT G-3

## COMBINING STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	MOTOR POOL	SELF- INSURANCE	TOTAL ALL FUNDS
Cash Flows from Operating Activities:			
Operating Income (Loss)	\$ 441,965	\$ (591,668)	\$ (149,703)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	1,792,237	7,086	1,799,323
Changes in Assets and Liabilities (Sources (Uses) of Cash):			
Miscellaneous Receivables	1,440	1,775	3,215
Supplies Inventory	18,148	-	18,148
Accounts Payable	(77,713)	(12,079)	(89,792)
Accrued Payroll	(56,024)	(5,855)	(61,879)
Claims Payable	-	769,396	769,396
Total Adjustments	1,678,088	760,323	2,438,411
Net Cash Provided by Operating Activities	2,120,053	168,655	2,288,708
Cash Flows from Non-Capital Financing Activities:			
Operating Transfers In	839,000	-	839,000
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Property and Equipment	(2,356,655)	-	(2,356,655)
Cash Flows from Investing Activities:			
Interest Received on Investments	177,547	210,096	387,643
Net Increase in Cash and Cash Equivalents	779,945	378,751	1,158,696
Cash and Cash Equivalents at Beginning of Year	3,241,125	3,880,825	7,121,950
Cash and Cash Equivalents at End of Year	\$ 4,021,070	\$ 4,259,576	\$ 8,280,646
Supplemental Disclosure of Noncash Financing Activities:			
Additions to Property, Plant, and Equipment Contributions from Other Government Units	\$ 103,930	\$ -	\$ 103,930

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

INTERNAL SERVICE FUNDS

EXHIBIT G-4

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGET BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	MOTOR POOL			SELF-INSURANCE			TOTALS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues									
Billings To User Programs	\$ 6,600,000	\$ 6,659,004	\$ 59,004	\$ 2,675,000	\$ 2,700,995	\$ 25,995	\$ 9,275,000	\$ 9,359,999	\$ 84,999
Property Tax	-	-	-	1,294,720	1,294,720	-	1,294,720	1,294,720	-
Interest Earnings	100,000	187,120	87,120	215,000	219,515	4,515	315,000	406,635	91,635
Operating Transfers in	1,123,054	839,000	(284,054)	-	-	-	1,123,054	839,000	(284,054)
Other	-	107,161	107,161	-	-	-	-	107,161	107,161
Total Revenues	7,823,054	7,792,285	(30,769)	4,184,720	4,215,230	30,510	12,007,774	12,007,515	(259)
Expenditures									
Motor Pool Operations	10,198,872	9,920,659	278,213	-	-	-	10,198,872	9,920,659	278,213
Self-Insurance Operations	-	-	-	3,886,067	3,829,983	56,084	3,886,067	3,829,983	56,084
Total Expenditures	10,198,872	9,920,659	278,213	3,886,067	3,829,983	56,084	14,084,939	13,750,642	334,297
(Deficiency) Excess of Revenues Over Expenditures	\$ (2,375,818)	\$ (2,128,374)	\$ 247,444	\$ 298,653	\$ 385,247	\$ 86,594	\$ (2,077,165)	\$ (1,743,127)	\$ 334,038

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## TRUST AND AGENCY FUNDS

Trust and Agency Funds administer resources received and held by the City as the trustee or as the agent for others. Use of these funds facilitates the discharge of responsibilities placed upon the governmental unit by virtue of law or other similar authority.

### **Expendable Trust Fund**

Used to account for gifts that are designated for special purposes. The Expendable Trust Fund includes gifts received for libraries, arts, parks, memorials, senior citizens, and handicapped and training services.

### **Nonexpendable Trust Fund**

Used to account for gifts for which the original principal may not be expended. The interest of other earnings from the principal are designated for a special purpose. The Nonexpendable Trust Fund includes gifts received for libraries.

### **Deferred Compensation Agency Fund**

Permits employees to defer a portion of their salaries to future years.

## TRUST AND AGENCY FUNDS

EXHIBIT H-1

## COMBINING BALANCE SHEET

JUNE 30, 1995

	EXPENDABLE TRUST	NON- EXPENDABLE TRUST	DEFERRED COMPENSATION AGENCY	TOTAL ALL FUNDS
<b>ASSETS</b>				
Cash and Short-Term Investments	\$ 4,493,281	\$ 194,041	\$ -	\$ 4,687,322
Investments	-	-	9,046,693	9,046,693
Receivables				
Accrued Interest	8,458	-	-	8,458
Miscellaneous	160,000	-	-	160,000
Note Receivable	4,000,000	-	-	4,000,000
<b>Total Assets</b>	<b>\$ 8,661,739</b>	<b>\$ 194,041</b>	<b>\$ 9,046,693</b>	<b>\$ 17,902,473</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts Payable	\$ 3,743	\$ -	\$ -	\$ 3,743
Designated Deferred				
Compensation Benefits	-	-	9,046,693	9,046,693
Deferred Revenue	1,824,793	-	-	1,824,793
Guaranty and Other Deposits	1,827,303	-	-	1,827,303
<b>Total Liabilities</b>	<b>3,655,839</b>	<b>-</b>	<b>9,046,693</b>	<b>12,702,532</b>
Fund Balances				
Reserved for Encumbrances	15,966	4,084	-	20,050
Reserved for Library Acquisitions	-	189,957	-	189,957
Unreserved	4,989,934	-	-	4,989,934
<b>Total Fund Balances</b>	<b>5,005,900</b>	<b>194,041</b>	<b>-</b>	<b>5,199,941</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,661,739</b>	<b>\$ 194,041</b>	<b>\$ 9,046,693</b>	<b>\$ 17,902,473</b>

SEE NOTES TO FINANCIAL STATEMENTS

## EXPENDABLE TRUST FUND

EXHIBIT H-2

STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	<u>EXPENDABLE TRUST</u>
Revenues	
Interest Earnings	\$       67,054
Donations and Other Trust Revenues	<u>1,839,924</u>
Total Revenues	1,906,978
Expenditures	
Expendable Trusts	<u>710,927</u>
Excess of Revenues Over Expenditures	1,196,051
Other Uses	
Operating Transfers Out	<u>(317,657)</u>
Total Other Uses	<u>(317,657)</u>
Excess of Revenues Over Expenditures and Other Uses	878,394
Fund Balance July 1, 1994	<u>4,127,506</u>
Fund Balance June 30, 1995	<u>\$   5,005,900</u>

SEE NOTES TO FINANCIAL STATEMENTS

EXPENDABLE TRUST FUND

EXHIBIT H-3

SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	<u>PERSONAL SERVICES</u>	<u>OTHER SERVICES</u>	<u>SUPPLIES</u>	<u>CAPITAL OUTLAY</u>	<u>TOTAL</u>
Expendable Trust	\$ 60,411	\$ 479,631	\$ 139,709	\$ 31,176	\$ 710,927

**NONEXPENDABLE TRUST FUND**

**EXHIBIT H-4**

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND BALANCE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 1995**

	<b>NON- EXPENDABLE TRUST</b>
	<u>                    </u>
Operating Revenues	
Interest Earnings	\$          9,535
Operating Expenses	
Trust Operations	<u>          3,349</u>
Operating Income	<u>          6,186</u>
Net Income	6,186
Fund Balance July 1, 1994	<u>         187,855</u>
Fund Balance June 30, 1995	<u><u>         \$  194,041</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

## NONEXPENDABLE TRUST FUND

EXHIBIT H-5

## STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	NON- EXPENDABLE TRUST
Cash Flows from Operating Activities:	
Operating Income	\$ 6,186
Adjustment to Reconcile Operating Income to Net Cash Used for Operating Activities:	
Deduct Interest Earnings	(9,535)
Net Cash Used for Operating Activities	(3,349)
Cash Flows from Investing Activities:	
Interest Received on Investments	9,535
Net Increase in Cash and Cash Equivalents	6,186
Cash and Cash Equivalents at Beginning of Year	187,855
Cash and Cash Equivalents at End of Year	\$ 194,041

SEE NOTES TO FINANCIAL STATEMENTS

## DEFERRED COMPENSATION AGENCY FUND

EXHIBIT H-6

## STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	DEFERRED COMPENSATION AGENCY			
	BALANCE JULY 1, 1994	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1995
<b>ASSETS</b>				
Investments	\$ 7,014,054	\$ 2,266,558	\$ 233,918	\$ 9,046,694
Total Assets	\$ 7,014,054	\$ 2,266,558	\$ 233,918	\$ 9,046,694
<b>LIABILITIES</b>				
Designated Deferred Compensation Benefits	\$ 7,014,054	\$ 2,266,558	\$ 233,918	\$ 9,046,694
Total Liabilities	\$ 7,014,054	\$ 2,266,558	\$ 233,918	\$ 9,046,694





**GENERAL FIXED ASSETS ACCOUNT GROUP**

The General Fixed Assets Account Group controls the City's sizeable investment in fixed assets which are tangible assets of significant value having a utility which extends beyond a year. This control also allows establishing custodial responsibility for the assets. No depreciation is provided on such assets.

The investment in fixed assets of proprietary fund types are accounted for in their respective funds.

## SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

EXHIBIT I-1

JUNE 30, 1995

## General Fixed Assets:

Land	\$ 55,561,784
Buildings and Improvements	169,425,027
Streets and Storm Drains	897,822,378
Machinery and Equipment	30,552,793
Construction in Progress	<u>38,742,018</u>
Total General Fixed Assets	<u>\$ 1,192,104,000</u>

## Investment in General Fixed Assets by Source:

General Fund	\$ 137,433,851
Special Revenue Funds	92,135,713
Capital Projects Funds	213,878,315
Contributions	698,574,382
Improvement Districts	<u>50,081,739</u>
Total Investment in General Fixed Assets	<u>\$ 1,192,104,000</u>

CITY OF SCOTTSDALE, ARIZONA

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

EXHIBIT I-2

JUNE 30, 1995

DEPARTMENT	LAND	BUILDINGS AND IMPROVEMENTS	STREETS AND STORM DRAINS	MACHINERY AND EQUIPMENT	TOTAL
General Government	\$ 464,154	\$ 919,774	\$ -	\$ 12,959,981	\$ 14,343,909
Police	40,855	1,010,645	48,038	3,380,211	4,479,749
Financial Services	-	304,986	-	807,608	1,112,594
Transportation	-	7,128,098	-	148,505	7,276,603
Community Services	7,444,399	9,721,924	134,747	2,116,809	19,417,879
Planning & Development	-	109,544	-	329,690	439,234
Fire	-	397,962	-	293,929	691,891
Municipal Services	-	-	-	216,271	216,271
Capital Projects	47,612,376	149,832,094	897,639,593	10,299,789	1,105,383,852
Total General Fixed Assets Allocated to Functions	\$ 55,561,784	\$ 169,425,027	\$ 897,822,378	\$ 30,552,793	\$ 1,153,361,982
Construction in Progress					38,742,018
Total General Fixed Assets					\$ 1,192,104,000

## SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS

EXHIBIT I-3

## BY FUNCTION AND ACTIVITY

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

DEPARTMENT	JULY 1, 1994	ADDITIONS	DELETIONS	JUNE 30, 1995
General Government	\$ 2,167,704	\$ 12,290,803	\$ (114,598)	\$ 14,343,909
Police	4,179,921	303,994	(4,166)	4,479,749
Financial Services	1,067,634	49,857	(4,897)	1,112,594
Transportation	7,268,835	7,768	-	7,276,603
Community Services	19,227,573	191,846	(1,540)	19,417,879
Management Services	12,299,982	-	(12,299,982)	-
Planning & Development	301,389	137,845	-	439,234
Fire	691,891	-	-	691,891
Municipal Services	198,558	17,713	-	216,271
Capital Projects	1,018,003,607	87,456,058	(75,813)	1,105,383,852
Construction in Progress	60,566,697	65,235,706	(87,060,385)	38,742,018
Total General Fixed Assets	\$ 1,125,973,791	\$ 165,691,590	\$ (99,561,381)	\$ 1,192,104,000

### DEBT REQUIREMENTS

The supplemental debt service schedules provide a comprehensive overview of the City's total debt. These schedules are presented by debt type without regard to fund classification. They include a schedule of changes in long-term debt for the current fiscal year, and a schedule of debt service requirements to maturity for each debt classification.

Debt issued by community facilities districts is included for full disclosure although such debt is not legally an obligation of the City.

CITY OF SCOTTSDALE, ARIZONA

SCHEDULE OF CHANGES IN LONG-TERM DEBT  
FOR THE FISCAL YEAR ENDED JUNE 30, 1995

EXHIBIT J-1

	JULY 1, 1994	ISSUED	RETIRED	JUNE 30, 1995	FINAL PAYMENT DATE
<b>GENERAL OBLIGATION BONDS</b>					
1988 Civic Center	\$ 500,000	\$ -	\$ 250,000	\$ 250,000	07/01/96
1986 Water Acquisition	3,395,000	-	1,045,000	2,350,000	07/01/97
1989 Series A (1990)	4,960,000	-	-	4,960,000	07/01/00
1989 Series B (1991)	8,280,000	-	-	8,280,000	07/01/04
1991 GO Refunding	3,765,000	-	535,000	3,230,000	07/01/00
1989 Series C (1992)	21,050,000	-	2,050,000	19,000,000	07/01/12
1993 Refunding	44,475,000	-	940,000	43,535,000	07/01/09
1989 Series D (1993)	19,500,000	-	735,000	18,765,000	07/01/13
1993A GO Refunding	24,065,000	-	445,000	23,620,000	07/01/11
1989 Series E (1994)	14,250,000	-	400,000	13,850,000	07/01/14
1994 Various Purpose	-	16,000,000	425,000	15,575,000	07/01/14
Total General Obligation Bonds	\$ 144,240,000	\$ 16,000,000	\$ 6,825,000	\$ 153,415,000	
<b>REVENUE BONDS</b>					
1984 HURF Series C (1987)	\$ 70,000	\$ -	\$ 70,000	\$ -	07/01/95
1989 HURF Refunding	2,950,000	-	760,000	2,190,000	07/01/87
1993 HURF Refunding	25,850,000	-	785,000	25,065,000	07/01/07
1973 Utility Refunding	285,000	-	285,000	-	07/01/95
1989 Utility Series A (1990)	6,585,000	-	265,000	6,320,000	07/01/09
1992 Utility Refunding	7,780,000	-	1,010,000	6,770,000	07/01/00
1989 Utility Series B (1992)	4,600,000	-	150,000	4,450,000	07/01/12
1989 Utility Series C (1994)	-	5,000,000	125,000	4,875,000	07/01/14
Total Revenue Bonds	\$ 48,120,000	\$ 5,000,000	\$ 3,450,000	\$ 49,670,000	
<b>MUNICIPAL PROPERTY CORPORATION BONDS</b>					
1974 MPC - 5 Arts	\$ 1,990,000	\$ -	\$ 570,000	\$ 1,420,000	07/01/96
1987 AMFP Certif. of Partic.	3,100,000	-	-	3,100,000	07/01/01
1987 Refunding	5,400,000	-	2,035,000	3,365,000	07/01/97
1992 Asset Transfer Refunding	44,240,000	-	1,285,000	42,955,000	11/01/14
1993 Refunding	29,475,000	-	375,000	29,100,000	07/01/05
1994 Refunding	8,795,000	-	720,000	8,075,000	07/01/04
1995 MPC Taxable Excise Tax	-	2,950,000	-	2,950,000	07/01/15
Total Municipal Property Corporation Bonds	\$ 93,000,000	\$ 2,950,000	\$ 4,985,000	\$ 90,965,000	

CITY OF SCOTTSDALE, ARIZONA

SCHEDULE OF CHANGES IN LONG-TERM DEBT  
FOR THE FISCAL YEAR ENDED JUNE 30, 1995

EXHIBIT J-1  
(Continued)

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	JULY 1, 1994	ISSUED	RETIRED	JUNE 30, 1995	FINAL PAYMENT DATE
<b>SPECIAL ASSESSMENT BONDS</b>					
Thomas, Civic Ctr, Earll Series 72	\$ 17,000	\$ -	\$ 17,000	\$ -	
North Scottsdale Series 84	655,000	-	655,000	-	
Sewer Project Series 85	170,000	-	170,000	-	
Hayden Road Extension Series 87	290,000	-	145,000	145,000	01/01/96
N. Airport Industrial Series 88	1,565,000	-	520,000	1,045,000	07/01/97
NW Airpark Series 89	685,000	-	175,000	510,000	01/01/98
Via Linda Series 90	460,000	-	115,000	345,000	01/01/98
CAP @ Hayden Road Series 91	340,000	-	70,000	270,000	01/01/99
Pima/CAP Series 92	7,455,000	-	1,839,824	5,615,176	01/01/01
Pima Acres Series 93	910,000	-	130,000	780,000	01/01/01
Old Scottsdale/West Main Series 94	875,000	-	110,000	765,000	01/01/02
Fifth Ave/Marshall Way Series 95	965,000	-	125,000	840,000	01/01/02
Section 31 Series 96	415,000	-	55,000	360,000	01/01/02
Pinnacle Vista Series 97	830,000	-	95,000	735,000	01/01/03
North Area Water Series 98	1,595,000	-	180,000	1,415,000	01/01/03
Adobe Miller Series 99	965,000	-	110,000	855,000	01/01/03
Craftsman Court Series 100	140,000	-	10,000	130,000	01/01/04
Bell Road Series 101	17,365,000	-	3,392,718	13,972,282	01/01/05
Desert Ranch Water Series 102	915,000	-	336,549	578,451	01/01/04
Desert Ranch Infrastructure Series 103	-	12,500,000	-	12,500,000	01/01/05
<b>Total Special Assessment Bonds</b>	<b>\$ 36,612,000</b>	<b>\$ 12,500,000</b>	<b>\$ 8,251,091</b>	<b>\$ 40,860,909</b>	
<b>COMMUNITY FACILITIES DISTRICT BONDS</b>					
Scottsdale Mountain Series 1993 A	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000	07/01/17
Scottsdale Mountain Series 1993 B	525,000	-	-	525,000	07/01/17
McDowell Mountain Ranch Series 1994	-	9,105,000	-	9,105,000	07/15/19
McDowell Mountain Ranch Series 1994 A	-	2,845,000	-	2,845,000	07/15/19
Scottsdale Mountain Series 1995	-	1,925,000	-	1,925,000	07/01/19
<b>Total Community Facilities District Bonds</b>	<b>\$ 3,525,000</b>	<b>\$ 13,875,000</b>	<b>-</b>	<b>\$ 17,400,000</b>	
<b>Total Bonds</b>	<b>\$ 325,497,000</b>	<b>\$ 50,325,000</b>	<b>\$ 23,511,091</b>	<b>\$ 352,310,909</b>	
<b>CONTRACTS PAYABLE</b>					
East Couplet/Galleria	\$ 420,000	\$ -	\$ 105,000	\$ 315,000	07/01/95
US Corps of Engineers	3,742,835	-	39,683	3,703,152	2032
West Couplet/Camelview	3,287,005	-	533,430	2,753,575	01/31/98
Scottsdale Towne Center	-	329,000	-	329,000	02/01/00
Scottsdale Fiesta Center	-	2,700,000	-	2,700,000	02/01/05
Plan 6	64,341	-	64,341	-	
Water Resources Bldg	974,601	-	974,601	-	
Carefree Ranch	2,207,969	-	176,684	2,031,285	03/01/02
<b>Total Contracts</b>	<b>\$ 10,696,751</b>	<b>\$ 3,029,000</b>	<b>\$ 1,893,739</b>	<b>11,832,012</b>	
<b>TOTAL BONDS AND CONTRACTS</b>	<b>\$ 336,193,751</b>	<b>\$ 53,354,000</b>	<b>\$ 25,404,830</b>	<b>\$ 364,142,921</b>	

CITY OF SCOTTSDALE, ARIZONA

DEBT SERVICE REQUIREMENTS TO MATURITY  
GENERAL OBLIGATION BONDS \*

EXHIBIT J-2

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

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FISCAL YEAR	WATER, SEWER, LIGHT, PARKS, AND OPEN SPACE PURPOSES BONDS 20% LIMITATION			GENERAL PURPOSE BONDS 6% LIMITATION			TOTAL GENERAL OBLIGATION BONDS		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
1996	\$ 2,105,000	\$ 4,646,123	\$ 6,751,123	\$ 4,960,000	\$ 3,836,905	\$ 8,796,905	\$ 7,065,000	\$ 8,483,028	\$ 15,548,028
1997	2,740,000	4,537,883	7,277,883	4,600,000	3,487,385	8,087,385	7,340,000	8,025,268	15,365,268
1998	1,695,000	4,389,568	6,084,568	5,920,000	3,142,810	9,062,810	7,615,000	7,532,378	15,147,378
1999	3,200,000	4,306,565	7,506,565	5,360,000	2,741,905	8,101,905	8,560,000	7,048,470	15,608,470
2000	4,540,000	4,154,205	8,694,205	5,005,000	2,746,793	7,751,793	9,545,000	6,900,998	16,445,998
2001	5,465,000	3,926,910	9,391,910	5,630,000	1,946,550	7,576,550	11,095,000	5,873,460	16,968,460
2002	5,715,000	3,649,290	9,364,290	3,540,000	3,970,010	7,510,010	9,255,000	7,619,300	16,874,300
2003	6,040,000	3,355,015	9,395,015	3,730,000	3,777,523	7,507,523	9,770,000	7,132,538	16,902,538
2004	2,230,000	9,133,595	11,363,595	4,300,000	1,240,385	5,540,385	6,530,000	10,373,980	16,903,980
2005	3,884,400	9,171,148	13,055,548	2,925,600	1,008,610	3,934,210	6,810,000	10,179,758	16,989,758
2006	9,486,000	2,843,358	12,329,358	3,884,000	851,930	4,735,930	13,370,000	3,695,288	17,065,288
2007	4,450,000	2,348,038	6,798,038	4,260,000	640,120	4,900,120	8,710,000	2,988,158	11,698,158
2008	5,290,000	2,118,905	7,408,905	3,885,000	408,190	4,293,190	9,175,000	2,527,095	11,702,095
2009	6,155,000	1,840,695	7,995,695	3,550,000	195,249	3,745,249	9,705,000	2,035,944	11,740,944
2010	10,320,000	1,508,813	11,828,813	-	-	-	10,320,000	1,508,813	11,828,813
2011	6,890,000	970,535	7,860,535	-	-	-	6,890,000	970,535	7,860,535
2012-2014	11,660,000	1,095,334	12,755,334	-	-	-	11,660,000	1,095,334	12,755,334
<b>TOTALS</b>	<b>\$ 91,865,400</b>	<b>\$ 63,995,980</b>	<b>\$ 155,861,380</b>	<b>\$ 61,549,600</b>	<b>\$ 29,994,365</b>	<b>\$ 91,543,965</b>	<b>\$ 153,415,000</b>	<b>\$ 93,990,345</b>	<b>\$ 247,405,345</b>

\*This table excludes general obligation bonds of community facilities districts. See separate schedule in this exhibit.



CITY OF SCOTTSDALE, ARIZONA

DEBT SERVICE REQUIREMENTS TO MATURITY  
HIGHWAY USER REVENUE BONDS, WATER AND SEWER REVENUE BONDS,  
AND MUNICIPAL PROPERTY CORPORATION BONDS

EXHIBIT J-2  
(Continued here and on following page)

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

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FISCAL YEAR	HIGHWAY USER REVENUE BONDS			WATER AND SEWER REVENUE BONDS			MUNICIPAL PROPERTY CORPORATON BONDS		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
1996	\$ 1,700,000	\$ 1,407,270	\$ 3,107,270	\$ 1,935,000	\$ 1,392,249	\$ 3,327,249	\$ 5,185,000	\$ 5,152,726	\$ 10,337,726
1997	1,785,000	1,318,210	3,103,210	2,045,000	1,277,436	3,322,436	5,570,000	4,877,823	10,447,823
1998	1,890,000	1,208,538	3,098,538	2,170,000	1,153,541	3,323,541	5,905,000	4,554,945	10,459,945
1999	1,980,000	1,123,488	3,103,488	2,295,000	1,019,721	3,314,721	6,195,000	4,263,676	10,458,676
2000	2,070,000	1,031,913	3,101,913	1,605,000	877,961	2,482,961	6,515,000	3,948,745	10,463,745
2001	2,170,000	933,588	3,103,588	790,000	774,726	1,564,726	6,880,000	3,608,653	10,488,653
2002	2,275,000	827,800	3,102,800	845,000	716,976	1,561,976	6,495,000	3,239,079	9,734,079
2003	2,395,000	714,050	3,109,050	900,000	656,285	1,556,285	6,870,000	2,888,496	9,758,496
2004	2,515,000	591,306	3,106,306	955,000	600,632	1,555,632	7,255,000	2,510,258	9,765,258
2005	2,660,000	459,269	3,119,269	1,020,000	540,825	1,560,825	6,530,000	2,102,318	8,632,318
2006	2,825,000	316,294	3,141,294	1,080,000	476,530	1,556,530	2,525,000	1,722,471	4,247,471
2007	2,990,000	164,448	3,154,448	1,165,000	407,320	1,572,320	2,690,000	1,556,836	4,246,836
2008	-	-	-	1,245,000	332,270	1,577,270	2,855,000	1,383,411	4,238,411
2009	-	-	-	1,330,000	256,332	1,586,332	3,045,000	1,199,681	4,244,681
2010	-	-	-	690,000	176,337	866,337	3,240,000	1,004,000	4,244,000
2011	-	-	-	735,000	134,562	869,562	3,445,000	795,444	4,240,444
2012-2015	-	-	-	1,610,000	168,441	1,778,441	9,765,000	1,056,011	10,821,011
<b>TOTALS</b>	<b>\$ 27,255,000</b>	<b>\$ 10,096,174</b>	<b>\$ 37,351,174</b>	<b>\$ 22,415,000</b>	<b>\$ 10,962,144</b>	<b>\$ 33,377,144</b>	<b>\$ 90,965,000</b>	<b>\$ 45,864,573</b>	<b>\$ 136,829,573</b>

CITY OF SCOTTSDALE, ARIZONA

DEBT SERVICE REQUIREMENTS TO MATURITY  
SPECIAL ASSESSMENT BONDS, CONTRACTS PAYABLE, AND  
COMMUNITY FACILITIES DISTRICTS GENERAL OBLIGATION BONDS

EXHIBIT J-2  
(Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

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FISCAL YEAR	SPECIAL ASSESSMENT BONDS			CONTRACTS PAYABLE			COMMUNITY FACILITIES DISTRICTS GENERAL OBLIGATION BONDS		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
1996	\$ 5,192,750	\$ 2,269,450	\$ 7,462,200	\$ 1,468,969	\$ 189,452	\$ 1,658,421	\$ -	\$ 1,316,351	\$ 1,316,351
1997	5,116,258	1,949,110	7,065,368	1,545,185	187,318	1,732,503	-	1,316,351	1,316,351
1998	4,626,170	1,635,377	6,261,547	1,397,110	185,075	1,582,185	-	1,316,350	1,316,350
1999	4,395,655	1,362,968	5,758,623	646,221	182,718	828,939	100,000	1,316,352	1,416,352
2000	4,364,163	1,098,945	5,463,108	731,897	180,239	912,136	460,000	1,310,677	1,770,677
2001	4,472,671	836,185	5,308,856	755,219	177,634	932,853	495,000	1,278,145	1,773,145
2002	3,466,178	606,013	4,072,191	881,547	174,893	1,056,440	525,000	1,243,020	1,768,020
2003	3,269,021	418,455	3,687,476	559,151	172,015	731,166	560,000	1,205,695	1,765,695
2004	2,987,021	245,814	3,232,835	862,177	168,989	1,031,166	610,000	1,165,761	1,775,761
2005	2,971,022	81,793	3,052,815	65,358	165,808	231,166	650,000	1,122,071	1,772,071
2006	-	-	-	68,701	162,465	231,166	695,000	1,075,151	1,770,151
2007	-	-	-	72,216	158,950	231,166	750,000	1,024,441	1,774,441
2008	-	-	-	75,910	155,256	231,166	805,000	968,741	1,773,741
2009	-	-	-	79,794	151,372	231,166	870,000	909,181	1,779,181
2010	-	-	-	83,877	147,289	231,166	815,000	844,778	1,659,778
2011	-	-	-	88,168	142,998	231,166	880,000	784,003	1,664,003
2012-2032	-	-	-	2,706,967	1,534,549	4,241,516	9,185,000	3,408,070	12,593,070
	<u>\$ 40,860,909</u>	<u>\$ 10,504,110</u>	<u>\$ 51,365,019</u>	<u>\$ 12,088,467</u>	<u>\$ 4,237,020</u>	<u>\$ 16,325,487</u>	<u>\$ 17,400,000</u>	<u>\$ 21,605,138</u>	<u>\$ 39,005,138</u>

## **Statistical Section**

This section includes selected financial and demographic information for the City and surrounding areas, generally presented on a multi-year basis

CITY OF SCOTTSDALE, ARIZONA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION  
GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUNDS  
LAST TEN FISCAL YEARS

TABLE I

FISCAL YEAR	GENERAL GOVERNMENT	POLICE	FINANCIAL SERVICES	TRANSPORTATION	COMMUNITY SERVICES	MANAGEMENT SERVICES	PLANNING AND COMMUNITY DEVELOPMENT	FIRE	WATER RESOURCES	MUNICIPAL SERVICES	STREETLIGHT DISTRICTS(1)	CAPITAL IMPROVEMENTS	DEBT SERVICE	TOTAL
1986	\$2,589,123	\$9,475,467	\$1,942,012	\$11,037,959	\$8,730,701	\$7,321,889	\$8,196,938	-	-	-	-	\$7,583,511	\$22,805,850	\$79,682,450
1987	2,721,381	11,836,704	2,190,533	11,872,258	10,294,757	3,912,789	5,883,408	\$3,973,055	-	-	\$443,276	5,810,259	26,365,787	85,304,187
1988	3,532,276	13,571,954	2,665,064	13,592,848	12,455,464	4,482,015	5,758,873	4,155,740	\$1,283,892	-	408,668	1,269,248	26,551,891	89,727,533
1989	5,202,464	14,138,466	2,856,972	6,504,125	12,323,666	4,441,009	5,889,490	4,787,139	1,418,078	\$8,081,417	415,041	1,976,266	27,611,812	95,645,945
(2)1990	3,917,752	14,510,878	2,465,924	6,782,224	12,179,223	4,992,759	5,935,822	5,020,994	-	2,891,348	432,177	-	25,752,256	84,881,157
(2)1991	5,305,286	17,057,240	3,535,711	2,312,664	13,704,744	4,150,444	8,424,594	5,810,722	-	9,998,678	431,424	-	26,121,373	96,852,880
(2)1992	6,104,747	18,399,147	3,550,155	2,308,548	14,410,886	4,445,653	9,437,854	6,193,207	-	11,181,964	440,809	-	26,971,339	103,444,109
1993	9,409,802	19,753,890	3,751,965	2,580,418	15,466,007	5,005,942	9,182,452	6,595,200	-	12,625,650	448,557	-	29,205,338	114,024,019
(3)1994	12,437,057	21,619,410	4,300,956	3,128,180	16,467,971	-	12,932,762	7,544,821	-	13,992,754	469,644	-	29,611,405	122,504,960
(3)1995	13,976,893	24,225,550	4,496,188	3,878,146	18,256,121	-	14,002,241	8,434,827	-	14,282,577	457,954	-	31,211,618	133,222,113

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Source: City of Scottsdale Financial Services Department

- (1) Expenditures of Streetlight Districts were not classified as general governmental expenditures until fiscal year 1987.
- (2) Reorganizations occurred during these fiscal years which resulted in department title changes and a shift in divisions between departments. Indirect costs were changed from an expenditure credit to a revenue. 1991 and subsequent years have been recast to reflect these changes.
- (3) Management Services Department was eliminated for 1995 and the divisions were shifted to other departments. 1994 was recast to reflect this change.

CITY OF SCOTTSDALE, ARIZONA

GENERAL GOVERNMENTAL REVENUES BY SOURCE  
GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUNDS  
LAST TEN FISCAL YEARS

TABLE II

FISCAL YEAR	TAXES	INTER-GOVERNMENTAL REVENUE	SPECIAL ASSESSMENTS*	LICENSES	CHARGES FOR SERVICES	FINES AND FORFEITURES	USE OF MONEY AND PROPERTY	STREETLIGHT DISTRICTS*	MISCELLANEOUS	TOTAL
1986	\$30,814,928	\$20,808,629	-	\$421,354	\$9,150,054	\$1,533,450	\$8,086,213	-	\$5,057,791	\$75,872,419
1987	34,165,734	22,208,618	\$1,317,697	474,633	9,394,683	1,091,268	6,020,676	\$255,020	5,067,864	79,996,193
1988	37,560,884	23,136,401	3,132,161	489,775	10,921,238	1,515,621	6,499,076	299,856	5,853,038	89,408,050
1989	40,349,302	23,956,139	2,527,537	596,233	10,594,369	1,838,594	7,708,925	509,184	6,305,752	94,386,035
1990	43,300,830	25,182,676	2,957,646	617,200	5,463,953	2,052,306	6,320,488	564,046	7,079,453	93,538,598
1991	46,358,382	25,176,007	2,774,035	630,070	5,152,757	2,215,138	6,345,610	558,163	8,079,640	97,289,802
1992	48,890,219	26,553,493	4,260,961	704,935	6,336,520	2,228,091	5,512,701	499,529	9,727,189	104,713,638
1993	55,214,104	27,970,288	4,941,556	737,854	7,586,803	1,720,511	4,564,692	513,846	12,976,009	116,225,663
1994	63,996,207	29,940,801	5,643,993	875,563	10,499,462	1,711,295	4,817,950	514,956	13,861,333	131,861,560
1995	71,635,337	32,830,633	5,514,188	950,215	12,410,462	1,989,546	6,364,586	542,761	14,714,685	146,952,413

Source: City of Scottsdale Financial Services Department

\* Revenues of Special Assessment and Streetlight Districts were not classified as general governmental revenue until fiscal year 1987.

TAX REVENUES BY SOURCE  
GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUNDS  
LAST TEN FISCAL YEARS

TABLE III

FISCAL YEAR	PRIVILEGE	GENERAL PROPERTY	FRANCHISE	IN-LIEU PROPERTY	TOTAL TAXES
1986	\$22,080,785	\$6,782,380	\$1,865,339	\$86,424	\$30,814,928
1987	24,273,366	7,707,177	2,093,052	92,139	34,165,734
1988	25,953,299	9,094,087	2,407,878	105,620	37,560,884
1989	28,401,262	9,125,216	2,720,995	101,829	40,349,302
1990	30,462,121	9,822,930	2,935,445	80,334	43,300,830
1991	31,159,495	11,924,840	3,122,093	151,954	46,358,382
1992	33,163,422	12,287,540	3,281,655	157,602	48,890,219
1993	36,739,426	14,677,069	3,597,046	200,563	55,214,104
1994	42,206,355	17,665,772	3,885,445	238,635	63,996,207
1995	48,803,402	18,382,963	4,159,498	289,474	71,635,337

Source: City of Scottsdale Financial Services Department

CITY OF SCOTTSDALE, ARIZONA

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

TABLE IV

FISCAL YEAR	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	% OF LEVY COLLECTED	DELINQUENT TAX COLLECTIONS	FUTURE YEAR TAX COLLECTIONS	TOTAL TAX COLLECTIONS(1)	TOTAL COLLECTIONS % OF CURRENT LEVY	OUTSTANDING DELINQUENT TAXES	OUTSTANDING DELINQUENT % OF CURRENT LEVY
1986	\$6,776,237	\$6,498,494	95.9%	\$183,078	\$100,807	\$6,782,379	100.1%	\$351,720	5.2%
1987	7,973,800	7,316,676	91.8	315,643	74,858	7,707,177	96.7	726,036	9.1
1988	8,943,980	8,321,524	93.0	669,796	102,767	9,094,087	101.7	602,824	6.7
1989	9,095,857	8,540,625	93.9	537,687	46,904	9,125,216	100.3	692,636	7.6
1990	9,863,616	9,179,323	93.1	601,806	41,967	9,823,096	99.6	740,805	7.5
1991	12,465,643	11,220,265	90.0	644,872	59,702	11,924,839	95.7	933,490	7.5
1992	12,406,428	11,242,860	90.6	833,008	111,672	12,187,540	98.2	850,230	6.9
1993	15,475,472	14,124,653	91.3	440,545	111,871	14,677,069	94.8	1,354,977	8.8
1994	17,133,276	16,403,621	95.7	1,225,789	36,361	17,665,771	103.1	697,135	4.1
1995	20,272,696	18,993,325	94.5	636,791	8,963	19,639,079	96.9	727,688	3.6

Source: Maricopa County Treasurer's Office  
Annual Collection and Delinquency Report

(1) Amounts represent property taxes recorded in the General, Special Revenue, and, beginning in 1995, the Self-Insurance Fund.

CITY OF SCOTTSDALE, ARIZONA

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

TABLE Va

COMPARATIVE ASSESSED VALUATION CLASSIFICATION

FISCAL YEAR	REAL ESTATE*	IMPROVEMENTS	SECURED PERSONAL	UNSECURED PERSONAL	UTILITIES RAILS WIRES	GROSS VALUATION	EXEMPTIONS	NET TAXABLE VALUATION	ESTIMATED ACTUAL VALUATION (000)
1986 P	-	\$612,418,575	\$19,491,720	\$31,181,985	\$34,897,580	\$697,989,860	\$347,947	\$697,641,913	\$4,996,510
S	\$289,289,410	442,267,375	19,491,720	31,282,385	34,897,580	817,228,470	335,622	816,892,848	5,498,018
1987 P	-	754,011,020	20,209,940	51,209,830	37,742,485	863,173,275	544,917	862,628,358	5,924,016
S	359,032,815	543,595,755	20,209,940	51,284,540	37,742,495	1,011,865,545	536,119	1,011,329,426	6,818,621
1988 P	-	884,855,850	15,960,085	52,975,475	46,231,835	1,000,023,245	511,936	999,511,309	6,824,658
S	500,624,140	539,400,325	15,960,085	53,014,855	46,258,720	1,155,258,125	501,752	1,154,756,373	7,766,372
1989 P	-	997,492,015	16,141,580	61,292,800	48,590,545	1,123,516,940	506,116	1,123,010,824	7,599,557
S	575,199,010	584,018,330	16,141,580	61,280,715	48,689,065	1,285,328,700	506,543	1,284,822,157	8,503,650
1990 P	-	1,135,696,035	16,335,940	72,491,425	52,966,020	1,277,489,420	475,955	1,277,013,465	8,660,247
S	657,418,600	641,834,315	16,335,940	72,491,425	53,002,235	1,441,082,515	478,065	1,440,604,450	9,609,263
1991 P	-	1,223,412,100	17,661,195	77,524,985	56,007,880	1,374,606,160	462,542	1,374,143,616	9,328,072
S	659,705,245	667,306,900	17,661,195	77,544,940	56,057,300	1,478,275,580	462,211	1,477,813,367	9,921,082
1992 P	-	1,220,208,593	13,420,160	81,408,370	59,724,632	1,374,761,755	462,386	1,374,299,369	9,455,811
S	626,794,230	644,386,540	13,420,160	81,436,505	59,805,265	1,425,842,700	464,083	1,425,378,617	9,753,991
1993 P	-	1,187,255,765	20,121,045	86,390,875	60,550,760	1,354,318,445	446,309	1,353,872,136	9,421,433
S	568,714,830	643,541,770	20,121,045	86,390,875	60,568,640	1,379,337,160	448,396	1,378,888,764	9,557,639
1994 P	-	1,136,492,041	30,271,207	94,650,835	67,694,174	1,329,108,257	477,507	1,328,630,750	9,415,061
S	541,279,527	619,463,313	30,271,207	94,662,190	67,724,546	1,353,400,783	478,546	1,352,922,237	9,560,216
1995 P	-	1,175,120,569	32,826,310	93,393,680	70,031,345	1,371,371,904	455,969	1,370,915,935	9,913,549
S	537,114,149	666,181,636	32,826,310	93,393,680	70,057,553	1,399,573,328	447,149	1,399,126,179	10,081,538

Source: Maricopa County Finance Department

\* Real estate and improvements are combined in the primary valuation.

Property tax legislation approved by voters on June 3, 1980, created PRIMARY (P) and SECONDARY (S) valuation bases. The primary (limited) tax levy is for maintenance and operation of counties, cities, school districts, and the State. The secondary (full cash) tax levy is for debt retirement, voter-approved budget overrides, and maintenance and operation of special service districts.

CITY OF SCOTTSDALE, ARIZONA

ASSESSED VALUES BY PROPERTY CLASS  
LAST TEN FISCAL YEARS

TABLE Vb

FISCAL YEAR	CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5	CLASS 6	CLASS 7	CLASS 8	CLASS 10B	CLASS 11	TOTAL NET FULL CASH ASSESSED VALUE
	MINES	UTILITIES	COMMERCIAL	VACANT LAND	RESIDENTIAL	RENTED RESIDENTIAL	RAILROADS	HISTORICAL	HISTORICAL RENTED RESIDENTIAL	(Formerly Class 9) LIVESTOCK	
1986 P	NA	\$34,897,579	\$219,464,144	\$69,345,430	\$287,355,425	\$86,576,429	NA	\$2,905	NA	NA	\$697,641,912
S	NA	34,897,579	265,595,126	117,944,983	304,196,358	94,255,896	NA	2,905	NA	NA	816,892,847
1987 P	NA	35,380,685	294,567,527	86,511,874	348,235,976	97,929,006	NA	3,290	NA	NA	862,628,358
S	NA	35,380,685	348,726,069	146,152,054	371,453,280	109,612,898	NA	4,440	NA	NA	1,011,329,426
1988 P	NA	42,671,505	335,971,112	128,316,121	397,851,311	94,691,433	NA	5,132	NA	NA	999,506,614
S	NA	42,671,505	375,874,187	222,146,580	414,219,343	99,832,903	NA	7,160	NA	NA	1,154,751,678
1989 P	NA	43,939,855	385,803,297	163,237,782	429,633,087	100,392,353	NA	4,450	NA	NA	1,123,010,824
S	NA	43,939,855	444,221,727	253,517,558	437,349,078	105,788,039	NA	5,900	NA	NA	1,284,822,157
1990 P	NA	48,800,726	440,747,098	208,645,463	471,956,166	106,859,077	NA	4,935	NA	NA	1,277,013,465
S	NA	48,800,726	486,625,184	314,428,116	479,914,364	110,829,675	NA	6,385	NA	NA	1,440,604,450
1991 P	NA	43,215,227	488,832,901	239,360,252	499,843,286	102,886,527	NA	5,425	NA	NA	1,374,143,618
S	NA	43,215,227	521,041,917	304,470,173	504,412,569	104,667,098	NA	6,385	NA	NA	1,477,813,369
1992 P	NA	46,776,336	476,394,419	239,096,614	517,233,050	94,773,830	NA	12,066	NA	NA	1,374,286,315
S	NA	46,776,336	490,136,001	272,312,329	520,084,030	96,064,146	NA	5,775	NA	NA	1,425,378,617
1993 P	NA	45,828,070	484,619,388	201,567,942	533,104,153	88,746,323	NA	6,260	NA	NA	1,353,872,136
S	NA	45,828,070	494,350,123	215,082,726	534,464,840	89,156,745	NA	6,260	NA	NA	1,378,888,764
1994 P	NA	51,199,357	458,830,925	186,348,823	552,151,868	80,086,449	NA	6,260	NA	7,068	1,328,630,750
S	NA	51,199,357	470,717,424	193,930,770	554,900,677	82,160,681	NA	6,260	NA	7,068	1,352,922,237
1995 P	NA	52,594,412	457,581,726	186,548,463	597,708,157	76,427,846	NA	6,611	48,570	150	1,370,915,935
S	NA	52,594,412	473,000,873	192,308,136	602,266,565	78,900,862	NA	6,611	48,570	150	1,399,126,179

A statewide reappraisal program assesses property values by usage classification on varying percentages of actual cash value. These percentages are as follows:

Property Class	Ratio
1. Mining, Timber	30%
2. Utilities	30
3. Commercial-Industrial	25
4. Agriculture, Vacant Land	16
5. Residential	10
6. Lease-Rental	10
7. Railroads	25
8. Historic	5
10B. Historical Rental	10
11. Livestock	8

Source: Arizona Department of Revenue  
Abstract of the Assessment Roll Publication



CITY OF SCOTTSDALE, ARIZONA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS

TABLE VIa

TAX RATES PER \$100 ASSESSED VALUATIONS

FISCAL YEAR	SCHOOL DISTRICTS									TOTAL
	CITY OF SCOTTSDALE	SCOTTSDALE UNIFIED	COMMUNITY COLLEGE	MARICOPA COUNTY	STATE OF ARIZONA	FLOOD DISTRICT	CENTRAL ARIZONA PROJECT	FIRE DISTRICT	LIBRARY	
1986 P	.4300	\$4.7600	\$.7100	\$1.4500	\$.4000	-	-	-	-	\$7.7500
S	.4600	-	.1100	.1600	-	\$.5000	\$.0700	-	-	1.3000
TOTAL	.8900	4.7600	.8200	1.6100	.4000	.5000	.0700	-	-	9.0500
1987 P	.4200	4.9100	.6600	1.4500	.3800	-	-	-	-	7.8200
S	.4400	.6500	.0800	.2200	-	.5000	.0700	-	-	1.9600
TOTAL	.8600	5.5600	.7400	1.6700	.3800	.5000	.0700	-	-	9.7800
1988 P	.4100	5.2000	.6100	1.4300	.3800	-	-	-	-	8.0300
S	.4200	.4900	.0700	.2100	-	.5000	.1000	\$.0100	\$.0300	1.8300
TOTAL	.8300	5.6900	.6800	1.6400	.3800	.5000	.1000	.0100	.0300	9.8600
1989 P	.4031	4.3393	.6473	1.4370	.4700	-	-	-	-	7.2967
S	.3556	.8458	.0684	.1656	-	.5000	.1000	.0087	.0445	2.0886
TOTAL	.7587	5.1851	.7157	1.6026	.4700	.5000	.1000	.0087	.0445	9.3853
1990 P	.3919	4.3220	.6869	1.4426	.4700	-	-	-	-	7.3134
S	.3373	.9637	.0639	.1637	-	.4303	.1000	.0064	.0420	2.1073
TOTAL	.7292	5.2857	.7508	1.6063	.4700	.4303	.1000	.0064	.0420	9.4207
1991 P	.3941	4.1697	.7047	1.5045	.4700	-	-	-	-	7.2430
S	.4772	.9093	.0916	.1683	-	.4235	.1000	.0064	.0420	2.2183
TOTAL	.8713	5.0790	.7963	1.6728	.4700	.4235	.1000	.0064	.0420	9.4613
1992 P	.4101	4.1346	.7459	1.5143	.4700	-	-	-	-	7.2749
S	.4750	1.1437	.0943	.1741	-	.4447	.1400	.0082	.0444	2.5244
TOTAL	.8851	5.2783	.8402	1.6884	.4700	.4447	.1400	.0082	.0444	9.7993
1993 P	.4926	4.1373	.7938	1.6039	.4700	-	-	-	-	7.4976
S	.6387	1.2120	.0572	.1409	-	.3901	.1400	.0099	.0426	2.6314
TOTAL	1.1313	5.3493	.8510	1.7448	.4700	.3901	.1400	.0099	.0426	10.1290
1994 P	.4940	4.3194	.8532	1.5848	.4700	-	-	-	-	7.7214
S	.7812	1.5225	-	.1878	-	.3632	.1400	.0104	.0417	3.0468
TOTAL	1.2752	5.8419	.8532	1.7726	.4700	.3632	.1400	.0104	.0417	10.7682
1995 P	.5987	4.5296	.8934	1.7694	.4700	-	-	-	-	8.2611
S	.8623	1.4114	-	.0032	-	.3632	.1400	.0107	.0417	2.8325
TOTAL	1.4610	5.9410	.8934	1.7726	.4700	.3632	.1400	.0107	.0417	11.0936

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Scottsdale residents residing outside  
Scottsdale Unified School District:

School District	1994/95 Tax Rate Total
Balsz Elementary	\$15.13
Cave Creek	12.64
Fountain Hills	12.35
Paradise Valley	13.33
Tempe	12.97

Source: Maricopa County Assessor's Office  
Maricopa County Tax Levies and Rates Publication

CITY OF SCOTTSDALE, ARIZONA

PROPERTY TAX LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS

TABLE VIB

TAX LEVIES

SCHOOL DISTRICTS

FISCAL YEAR	CITY OF SCOTTSDALE	SCOTTSDALE UNIFIED	COMMUNITY COLLEGE	MARICOPA COUNTY	STATE OF ARIZONA	FLOOD DISTRICT	CENTRAL ARIZONA PROJECT	FIRE DISTRICT	LIBRARY	EAST VALLEY INSTITUTE OF TECHNOLOGY	EDUCATION EQUALIZATION	TOTAL
1986 P	\$3,042,009	\$43,000,993	\$57,198,367	\$117,171,280	\$31,718,427	-	-	-	-	-	-	\$252,131,076
S	3,734,228	-	9,285,991	14,500,000	-	\$35,258,000	\$6,326,751	-	-	-	-	69,084,970
TOTAL	6,776,237	43,000,993	66,484,358	131,671,280	31,718,427	35,258,000	6,326,751	-	-	-	-	321,216,046
1987 P	3,609,800	53,017,998	64,252,038	140,945,425	37,058,981	-	-	-	-	-	-	298,884,242
S	4,364,000	7,966,614	8,936,900	26,639,165	-	44,850,000	7,674,515	-	-	-	-	100,431,194
TOTAL	7,973,800	60,984,612	73,188,938	167,584,590	37,058,981	44,850,000	7,674,515	-	-	-	-	399,315,436
1988 P	4,131,980	63,154,347	70,272,141	165,318,498	43,656,031	-	-	-	-	-	-	346,532,997
S	4,812,000	6,532,030	9,057,513	27,251,761	-	47,860,799	12,402,456	\$1,184,118	\$4,135,868	-	-	113,236,545
TOTAL	8,943,980	69,686,377	79,329,654	192,570,259	43,656,031	47,860,799	12,402,456	1,184,118	4,135,868	-	-	459,769,542
1989 P	4,526,857	57,697,334	80,098,810	177,809,767	58,121,461	-	-	-	-	-	-	378,254,229
S	4,569,000	12,426,366	9,218,850	12,324,183	-	50,832,192	13,480,787	1,179,127	6,000,000	-	-	110,030,505
TOTAL	9,095,857	70,123,700	89,317,660	190,133,950	58,121,461	50,832,192	13,480,787	1,179,127	6,000,000	-	-	488,284,734
1990 P	5,004,616	63,682,375	94,016,141	197,430,202	64,324,340	-	-	-	-	-	-	424,457,674
S	4,859,000	15,336,527	9,382,900	24,041,307	-	47,234,724	14,687,785	982,630	6,618,870	-	-	123,143,743
TOTAL	9,863,616	79,018,902	103,399,041	221,471,509	64,324,340	47,234,724	14,687,785	982,630	6,618,870	-	-	547,601,417
1991 P	5,413,466	64,113,108	99,559,163	209,542,215	63,689,678	-	-	-	-	-	-	442,317,630
S	7,052,177	14,778,034	13,524,900	26,049,981	-	46,551,742	14,187,398	1,192,883	5,958,707	-	-	129,295,822
TOTAL	12,465,643	78,891,142	113,084,063	235,592,196	63,689,678	46,551,742	14,187,398	1,192,883	5,958,707	-	-	571,613,452
1992 P	5,636,002	63,651,363	103,498,218	210,113,008	65,215,394	-	-	-	-	-	-	448,113,985
S	6,770,426	18,014,779	13,421,470	25,868,883	-	46,536,815	19,929,247	1,167,284	6,320,418	-	-	138,029,322
TOTAL	12,406,428	81,666,142	116,919,688	235,981,891	65,215,394	46,536,815	19,929,247	1,167,284	6,320,418	-	-	586,143,307
1993 P	6,668,886	62,866,388	108,004,302	218,224,368	63,945,919	-	-	-	-	-	-	459,709,663
S	8,806,586	18,650,305	7,898,265	19,461,200	-	39,254,429	19,332,340	1,367,073	5,882,555	\$1,586,673	-	122,239,426
TOTAL	15,475,472	81,516,693	115,902,567	237,685,568	63,945,919	39,254,429	19,332,340	1,367,073	5,882,555	1,586,673	-	581,949,289
1994 P	6,564,100	63,548,946	113,440,000	140,248,266	62,492,117	-	-	-	-	-	\$70,469,834	456,763,263
S	10,569,176	22,689,826	-	25,360,203	-	35,142,441	18,905,751	1,404,427	5,631,213	3,595,963	-	123,299,000
TOTAL	17,133,276	86,238,772	113,440,000	165,608,469	62,492,117	35,142,441	18,905,751	1,404,427	5,631,213	3,595,963	70,469,834	580,062,263
1995 P	8,207,959	67,792,691	118,841,866	164,865,317	62,520,935	-	-	-	-	-	70,502,331	492,731,099
S	12,064,737	21,559,083	-	428,377	-	35,318,672	18,929,645	1,447,315	5,638,330	2,863,873	-	98,250,032
TOTAL	20,272,696	89,351,774	118,841,866	165,293,694	62,520,935	35,318,672	18,929,645	1,447,315	5,638,330	2,863,873	70,502,331	590,981,131

Source: Maricopa County Assessor's Office  
Maricopa County Tax Levies and Rates Publication

All governmental units are required to enact a primary levy (P) for operating expenses and a secondary levy (S) for debt service requirements.

**PRINCIPAL TAXPAYERS  
JUNE 30, 1995**

TABLE VII

TAXPAYER	TYPE OF BUSINESS	ASSESSED VALUATION	% OF SECONDARY ASSESSED VALUATION
Arizona Public Service	Electric Utility	\$35,193,218	2.52%
U.S. West Communications	Telecommunications	24,175,883	1.73
Motorola GEG	Electronics Manufacturing	20,121,402	1.44
Westcor Company	Shopping Centers	16,739,940	1.20
Scottsdale Princess Partnership	Resort/Vacant Land	15,970,376	1.14
Gainey Ranch	Real Estate Development	13,887,567	.99
Mayo Foundation	Medical Facility	13,867,309	.99
Herberger Enterprises	Vacant Land	10,631,066	.76
Business Realty of Arizona	Commercial Real Estate	8,151,575	.58
Scottsdale Sportsplex	Commercial Real Estate	5,990,612	.43
Southwest Gas Corporation	Gas Utility	5,951,960	.43
PCS, Inc.	Commercial Real Estate	5,287,755	.38
		<b>\$175,968,663</b>	<b>12.59%</b>

Source: The City of Scottsdale's Financial Advisor, as obtained from the records of the Arizona Department of Revenue, Division of Utilities and Mines and the tax rolls of the Maricopa County Assessor's office.

CITY OF SCOTTSDALE, ARIZONA

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS  
LAST TEN FISCAL YEARS**

TABLE VIII

<b>FISCAL YEAR</b>	<b>SPECIAL ASSESSMENTS BILLED</b>	<b>CURRENT ASSESSMENTS COLLECTED</b>	<b>RATIO OF COLLECTIONS TO AMOUNT DUE</b>	<b>TOTAL OUTSTANDING* CURRENT AND DELINQUENT ASSESSMENTS</b>
1986	\$1,885,731	\$1,884,530	99.9%	\$1,201
1987	2,145,044	2,128,060	99.2	16,984
1988	3,052,968	3,029,100	99.2	23,868
1989	3,039,493	3,000,260	98.7	39,233
1990	3,000,779	2,936,746	97.9	64,033
1991	3,154,734	3,107,553	98.5	47,181
1992	4,277,490	4,232,313	98.9	45,177
1993	4,922,155	4,893,184	99.4	28,971
1994	5,646,017	5,598,649	99.2	47,368
1995	6,436,272	6,404,060	99.5	32,212

Source: City of Scottsdale Financial Services Department

\* Under Arizona law, public auctions are held in January of each year at which disposition of then-delinquent assessments is made. By bid, special lien rights to properties against which due but unpaid assessments exist are offered in return for payment of all outstanding amounts plus penalties. In the event there are not interested bidders, the delinquency must be satisfied from budgetary funds of the sponsoring governmental unit. Thus, in January of each year, all outstanding delinquent assessments are collected. The amounts shown in this column represent unpaid balances of the June 1 semi-annual interest installment only.

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE  
AND NET BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS**

TABLE IX

FISCAL YEAR	POPULATION	ASSESSED VALUE	GROSS BONDED DEBT (1)	LESS FUND BALANCE RESERVED FOR DEBT SERVICE (2)	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
1986	114,993	\$816,892,848	\$40,195,000	\$8,270,674	\$31,924,326	3.9%	\$277.62
1987	120,541	1,011,329,426	36,335,000	7,769,234	28,565,766	2.8	236.98
1988	124,562	1,154,756,373	32,950,000	7,028,420	25,921,580	2.2	208.10
1989	127,553	1,284,822,157	29,535,000	6,256,289	23,278,711	1.8	182.50
1990	130,720	1,440,604,450	52,400,000	5,438,209	46,961,791	3.3	359.25
1991	133,949	1,477,813,367	50,615,000	5,674,407	44,940,593	3.0	335.51
1992	139,050	1,425,378,617	67,290,000	4,931,821	62,358,179	4.4	448.46
1993	145,920	1,378,884,764	80,300,000	3,021,190	77,278,810	5.6	529.60
1994	155,260	1,352,922,237	110,965,000	3,478,905	107,486,095	7.9	692.30
1995	165,620	1,399,126,179	121,915,000	342,402	121,572,598	8.6	734.05

Source: City of Scottsdale Financial Services Department

(1) Includes all General Obligation Bonds outstanding at June 30 except for the 1986 Water System Improvement General Obligation Bonds and all general obligation refunding bonds paid out of the Water Enterprise Fund. Also excludes all general obligation bonds of community facilities districts, since such bonds are not obligations of the City.

(2) Includes the fund balance of the General Obligation Bond Debt Service Fund only.

**COMPUTATION OF LEGAL DEBT MARGINS  
JUNE 30, 1995**

TABLE X

<b>Net Secondary Assessed Valuation</b>	<b>\$1,399,126,179</b>
Debt Limit Equal to 20% of Assessed Valuation	\$279,825,236
General Obligation Bonded Debt Subject to 20% Debt Limit	
1986 Water Improvements	\$3,395,000
1991 Refunding	2,555,000
1989 Series C (1992) CIP	13,500,000
1993 Refunding	32,046,000
1989 Series D (1993)	15,000,000
1993A Refunding	14,654,400
1989 Series E (1994)	7,400,000
1994 Various Purpose	7,300,000
Subtotal Bonded Debt	\$95,850,400
Less:	
Amount Available in Debt Service Funds at June 30:	
1986 Water Improvements	1,045,000
1989 Series C (1992) CIP	2,000,000
1993 Refunding	940,000
Subtotal Amount Available	(3,985,000)
Net Outstanding 20% of Bonded Debt	91,865,400
<b>Legal 20% Debt Margin (Available 20% Borrowing Capacity)</b>	<b>\$187,959,836</b>
Debt Limit Equal to 6% of Assessed Valuation	\$83,947,571
General Obligation Bonded Debt Subject to 6% Debt Limit	
1968 Civic Center	\$500,000
1989 Series A (1990) CIP	4,960,000
1991 Refunding	1,210,000
1989 Series B (1991) CIP	8,280,000
1989 Series C (1992) CIP	7,550,000
1993 Refunding	12,429,000
1989 Series D (1993)	4,500,000
1993A Refunding	9,410,600
1989 Series E (1994)	6,850,000
1994 Various Purpose	8,700,000
Subtotal Bonded Debt	\$64,389,600
Less:	
Amount Available in Debt Service Funds at June 30:	
1968 Civic Center	250,000
1991 Refunding	535,000
1989 Series C (1992) CIP	50,000
1989 Series D (1993)	735,000
1993A Refunding	445,000
1989 Series E (1994)	400,000
1994 Various Purpose	425,000
Subtotal Amount Available	(2,840,000)
Net Outstanding 6% Bonded Debt	61,549,600
<b>Legal 6% Debt Margin (Available 6% Borrowing Capacity)</b>	<b>\$22,397,971</b>

Source: City of Scottsdale Financial Services

**RATIO OF TOTAL DEBT SERVICE EXPENDITURES  
FOR GENERAL OBLIGATION BONDED DEBT  
TO TOTAL GENERAL GOVERNMENTAL OPERATING EXPENDITURES  
LAST TEN FISCAL YEARS**

TABLE XI

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE (1)	TOTAL GENERAL GOVERNMENTAL OPERATING EXPENDITURES (2)	RATIO OF TOTAL DEBT SERVICE TO TOTAL OPERATING EXPENDITURES
1986	\$3,860,000	\$2,782,036	\$6,642,036	\$79,682,450	8.34%
1987	3,385,000	2,651,968	6,036,968	84,961,071	7.11
1988	3,415,000	2,339,321	5,754,321	91,528,855	6.29
1989	3,445,000	2,178,611	5,623,611	95,645,945	5.88
1990	2,475,000	2,724,699	5,199,699	84,881,157	6.13
1991	2,515,000	3,462,318	5,977,318	92,217,407	6.48
1992	2,325,000	4,448,878	6,773,878	98,616,817	6.87
1993	6,045,000	4,586,896	10,631,896	114,024,019	9.32
1994	4,585,000	4,896,738	9,481,738	122,504,960	7.74
1995	5,050,000	6,860,083	11,910,083	134,366,213	8.86

Source: City of Scottsdale Financial Services Department

(1) Amounts exclude 1986 Water System Improvement General Obligation Bonds and all general obligation refunding bonds paid out of the Water Enterprise Fund. Also excluded are all general obligation bonds of community facilities districts, since such bonds are not obligations of the City.

(2) Includes total expenditures of the General, Special Revenue, and Debt Service Funds.

CITY OF SCOTTSDALE, ARIZONA

RATIO (COVERAGE) OF NET WATER AND SEWER UTILITY REVENUE  
TO TOTAL BOND EXPENSE  
LAST TEN FISCAL YEARS

TABLE XII

RATIO INCLUDING 1986 WATER SYSTEM IMPROVEMENT GENERAL OBLIGATION BONDS  
AND ALL GENERAL OBLIGATION REFUNDING BOND EXPENSES PAID OUT OF THE WATER ENTERPRISE FUND

FISCAL YEAR	GROSS REVENUE (1)	OPERATING & MAINTENANCE EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL BOND EXPENSE	RATIO OF NET REVENUE TO TOTAL BOND EXPENSE	REQUIRED RATIO
1986	\$16,048,667	\$6,275,565	\$9,773,102	\$950,000	\$1,084,061	\$2,034,061	4.80%	1.20%
1987	19,757,728	11,333,904	8,423,824	690,000	3,001,897	3,691,897	2.28	1.20
1988	26,327,551	12,208,834	14,118,717	1,050,000	3,624,851	4,674,851	3.02	1.20
1989	28,081,975	15,044,722	13,037,253	1,170,000	3,562,876	4,732,876	2.75	1.20
1990	33,204,682	19,749,304	13,455,378	1,295,000	3,742,838	5,037,838	2.67	1.20
1991	34,101,914	25,034,722	9,067,192	1,605,000	3,956,008	5,561,008	1.63	1.20
1992	36,784,727	23,685,494	13,099,233	1,785,000	3,849,104	5,634,104	2.33	1.20
1993	38,534,538	26,113,738	12,420,800	1,912,500	2,467,289	4,379,789	2.84	1.20
1994	49,233,337	33,423,319	15,810,018	2,850,000	2,945,990	5,795,990	2.73	1.20
1995	56,899,957	31,737,939	25,162,018	3,610,000	2,994,318	6,604,318	3.81	1.20

RATIO EXCLUDING 1986 WATER SYSTEM IMPROVEMENT GENERAL OBLIGATION BONDS  
AND ALL GENERAL OBLIGATION REFUNDING BOND EXPENSES PAID OUT OF THE WATER ENTERPRISE FUND

FISCAL YEAR	GROSS REVENUE (1)	OPERATING & MAINTENANCE EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL BOND EXPENSE	RATIO OF NET REVENUE TO TOTAL BOND EXPENSE
1988	\$26,327,551	\$12,208,834	\$14,118,717	\$725,000	\$999,798	\$1,724,798	8.19%
1989	28,081,975	15,044,722	13,037,253	765,000	964,798	1,729,798	7.54
1990	33,204,682	19,749,304	13,455,378	800,000	1,178,375	1,978,375	6.80
1991	34,101,914	25,034,722	9,067,192	1,020,000	2,014,346	3,034,346	2.99
1992	36,784,727	23,685,494	13,099,233	1,095,000	1,374,281	2,469,281	5.30
1993	38,534,538	26,113,738	12,420,800	1,112,500	681,594	1,794,094	6.92
1994	49,233,337	33,423,319	15,810,018	1,425,000	1,247,210	2,672,210	5.92
1995	56,899,957	31,737,939	25,162,018	1,835,000	1,381,208	3,216,208	7.82

Source: City of Scottsdale Financial Services Department

(1) Revenue - includes all operating revenues and interest earnings recorded in the Water and Sewer Utility Enterprise Fund.

(2) Expenses - includes total operating expenses of the Water and Sewer Utility Enterprise Fund, excluding depreciation and amortization.



## TOTAL DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT

TABLE XIII

The City's proportionate share of general obligation debt of all local governmental units which provide services within the City's boundaries and which must be borne by properties in the City is summarized below:

Name of Governmental Unit	Net Bonds Outstanding	% Applicable within the City of Scottsdale	\$ Applicable within the City of Scottsdale
Maricopa County	\$169,400,000	10.35%	\$17,532,900
Tempe Elementary School District No. 3	44,978,565	0.01	4,477
Balsz Elementary School District No. 31	13,000,000	4.96	644,800
Scottsdale Unified School District No. 48	200,503,312	68.26	136,863,561
Paradise Valley Unified School District No. 69	203,180,000	20.87	42,403,666
Cave Creek Unified School District No. 93	42,580,000	41.31	17,589,798
Tempe Union High School District No. 213	115,606,665	0.01	11,561
Phoenix Union High School District No. 210	130,725,000	4.96	6,483,960
Fountain Hills Unified School District No. 98	19,249,701	0.27	51,974
East Valley Institute	9,500,000	27.06	2,570,700
Scottsdale Mountain Community Facilities District	5,450,000	0.20	10,900
McDowell Mountain Community Facilities District	11,950,000	0.17	20,661
<b>Total Overlapping Debt</b>			<b>224,188,958</b>
City of Scottsdale*	126,965,000	100.00	126,965,000
<b>Total Direct and Overlapping Debt</b>			<b>\$351,153,958</b>

Source: The City of Scottsdale's Financial Advisor, obtained from the Maricopa County Assessor's Office

\* Amounts exclude 1986 Water System Improvement General Obligation Bonds and all general obligation refunding bonds paid out of the Water Enterprise Fund.

CITY OF SCOTTSDALE, ARIZONA

DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS

TABLE XIV

FISCAL YEAR	POPULATION (1)	PER CAPITA INCOME (2) (5)	MEDIAN AGE (2) (5)	EDUCATION LEVEL IN YEARS OF SCHOOLING (2)	SCHOOL ENROLLMENT (3)	UNEMPLOYMENT RATE (4) (6)
1986	114,993	\$14,716	36.9	13.5	19,255	3.9
1987	120,541	14,975	39.0	N/A	19,337	4.3
1988	124,562	16,891	39.0	N/A	20,081	3.5
1989	127,553	17,926	35.0	N/A	19,350	2.7
1990	130,720	20,543	35.0	N/A	19,276	3.0
1991	133,949	20,937	37.0	N/A	19,647	3.1
1992	139,050	23,482	39.1	N/A	20,357	4.7
1993	145,920	24,186	39.1	N/A	21,130	4.2
1994	155,270	24,925	39.1	N/A	22,096	3.1
1995	165,270	28,000	35.0	N/A	24,089	2.7

Sources:

- (1) City Planning staff
- (2) Inside Phoenix (Republic and Gazette) (fiscal years 1986 and 1987 only)
- (3) Arizona Department of Education (Enrollment statistics are not available until six months after the close of the fiscal year. The numbers presented on each line represent the prior year's statistics.)
- (4) Arizona Department of Economic Security (fiscal years 1986, 1987, and 1994)
- (5) City Planning staff (beginning fiscal year 1988)
- (6) City Planning staff (fiscal years 1988 through 1993, and 1995)

PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS  
LAST TEN FISCAL YEARS

TABLE XV

FISCAL YEAR	PROPERTY VALUE (1)			NUMBER OF PERMITS	COMMERCIAL CONSTRUCTION (2)		RESIDENTIAL CONSTRUCTION (2)		BANK DEPOSITS MARICOPA COUNTY (000) (3)	
	COMMERCIAL	RESIDENTIAL	NONTAXABLE		VALUE	NUMBER OF DWELLING UNITS	VALUE			
1986	\$1,935,264,476	\$3,596,269,350	\$220,255,201	2,436	\$190,962,782	4,027	\$386,391,288	\$13,973,325		
1987	2,419,008,011	4,339,613,412	300,069,057	2,369	241,225,414	3,907	400,622,346	16,305,623		
1988	3,034,294,469	4,807,553,647	390,010,293	1,416	172,700,000	3,996	545,900,000	15,373,219		
1989	3,507,955,829	5,076,358,189	457,067,285	1,287	243,007,000	1,932	360,424,000	14,491,100		
1990	4,074,473,248	5,534,789,752	606,445,209	1,035	116,911,202	1,571	229,271,970	17,119,454		
1991	4,131,284,706	5,789,786,355	607,232,155	935	53,179,292	2,028	363,705,832	18,992,331		
1992	3,818,532,680	5,935,463,922	621,380,175	1,296	33,101,112	2,327	490,763,126	19,425,952		
1993	3,474,552,966	6,083,107,311	677,123,439	2,489	89,192,106	4,663	618,384,060	19,011,574		
1994	3,265,815,082	6,294,430,240	671,709,817	2,516	153,331,023	4,595	593,418,369	20,598,522		
1995	3,269,863,844	6,810,084,933	743,350,656	2,751	162,541,354	4,954	652,362,926	20,753,634		

Sources:

- (1) Abstract published by the Arizona Department of Revenue
- (2) City Building Inspection staff
- (3) Arizona Bankers Association

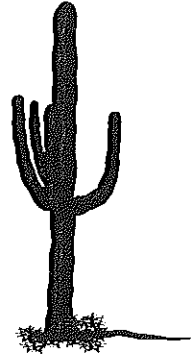
MISCELLANEOUS STATISTICAL DATA  
JUNE 30, 1995

TABLE XVI

Date of Incorporation - June 25, 1951  
Date Charter Adopted - November 16, 1961  
Form of Government - Council/Manager

Area (Square Miles)	
1951	- .62
1961	- 8.80
1970	- 62.20
1975	- 85.80
1979	- 88.60
1982	- 113.60
1986	- 183.60
1987	- 184.30
1988	- 184.80
1990	- 185.20

Population	
1950 Census	- 2,032
1960 Census	- 10,026
1965 Special Census	- 54,504
1970 Census	- 67,823
1975 Special Census	- 78,065
1980 Census	- 88,412
1985 Census	- 108,447
1990 Census	- 130,069
1995 Est. 06/30/95	- 165,620



**Miles of Sewers**

Storm.....58  
Sanitary.....754.3

**Fire Protection**

Number of Stations.....7

The City of Scottsdale has no fire employees but contracts with Rural/Metro Corporation to provide fire service to all residents.

**Police Protection**

Number of Employees.....382  
Number of Traffic Citations (excluding parking and Criminal).....36,268  
Number of Vehicles.....181

The City jail is a holding facility. All long-term prisoners are incarcerated in the County jail.

**Recreation**

Parks - Number of Acres.....4,227  
Number of Swimming Pools.....3  
Number of Other Recreation Facilities.....42

These include schools and school playgrounds in cooperation with Scottsdale Unified School District.

**Water Enterprise**

Number of Water Customers.....57,522  
Annual Consumption (Gallons).....17,650,230,000  
System Capacity (Gallons Per Day).....100,437,760  
Miles of Distribution Lines.....1,080.5

Number of Streetlights.....8,664

**Employees as of June 30, 1995**

Full-Time.....1,293  
Part-Time.....290  
Grant Funded.....12  
Total.....1,595

**Elections**

Number of registered voters as of last regular election, March 1994.....102,268  
Number/% voting in last municipal election.....6,121/6%

**Population**

Median Age of Residents.....39.1  
Mean Average Household Income.....\$57,000  
Mean Average Home Value - Single Family.....\$148,358

Source: City of Scottsdale Financial Services Department

**SCHEDULE OF INSURANCE  
JUNE 30, 1995**

TABLE XVII

<b>CARRIER</b>	<b>POLICY DESCRIPTION</b>	<b>AMOUNT OF COVERAGE</b>
Arkwright Mutual Insurance Company 12/01/90 to 12/31/95	Property Insurance Repair or Replace \$25,000 Deductible	\$140,476,000
Insurance Company of the West 07/01/95 to 07/01/96	Excess Liability Coverage \$1,000,000 Deductible	\$1,000,000
Insurance Company of the West 07/01/95 to 07/01/96	Excess Liability Coverage	\$9,000,000
Associate Aviation Underwriters 07/01/95 to 07/01/96	Airport, Hangarkeepers, and Non-owned Aviation Coverage \$5,000 Deductible	\$50,000,000
American Home Insurance Company 07/01/95 to 07/01/96	Excess Workers' Compensation Coverage \$300,000 Deductible	Statutory

Source: City of Scottsdale Risk Management Division

CITY OF SCOTTSDALE, ARIZONA

**SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS  
FOR FISCAL YEAR ENDED JUNE 30, 1995**

TABLE XVIII

<b>OFFICIAL TITLE</b>	<b>MAXIMUM</b>	<b>BOND</b>
Mayor	\$33,600	\$10,000
Councilmen (6)	13,800	10,000
City Manager	119,859	1,000,000
City Clerk	51,480	1,000,000
City Attorney	90,313	1,000,000
City Treasurer	92,914	1,000,000
City Judge	86,133	1,000,000
City Auditor	57,845	1,000,000
<b>PUBLIC EMPLOYEES HONESTY AND FAITHFUL PERFORMANCE BOND</b>		
All City Employees		\$1,000,000 per employee

Source: City of Scottsdale Financial Services Department

